

Siyancuma

MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2015

SIYANCUMA LOCAL MUNICIPALITY

Index

Contents	Page
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Statement of comparison of budget and actual amounts - Statement of financial position	7 - 8
Statement of comparison of budget and actual amounts - Statement of financial performance	9 - 10
Statement of comparison of budget and actual amounts - Cash flow statement	11 - 12
Accounting Policies	13 - 43
Notes to the Financial Statements	44 - 79
APPENDICES - Unaudited	
A Schedule of External Loans	80 - 81
B Segmental Statement of Financial Performance - Municipal Votes	82
C Segmental Statement of Financial Performance - GFS	83
D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	84
E National Treasury Appropriation Statements	
- Revenue and Expenditure (Standard Classification)	85
- Revenue and Expenditure (Municipal Vote Classification)	86
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	87
- Capital Expenditure by Vote, Standard Classification and Funding	88
- Cashflows	89

SIYANCUMA LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

NATURE OF BUSINESS

Siyancuma Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Siyancuma Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Siyancuma Municipality includes the following areas:

Douglas
Griekwastad
Campbell
Schmidsdrift

MEMBERS OF THE COUNCIL

Mayor	<i>L. Oliphant</i>
Councillor	<i>J. George</i>
Councillor	<i>M. Selebogo</i>
Councillor	<i>S. Mosele</i>
Councillor	<i>P. Mc Klein</i>
Councillor	<i>D. Koopman</i>
Councillor	<i>A. Oliphant</i>
Councillor	<i>M. Eland</i>
Councillor	<i>V. Adams</i>
Councillor	<i>R. Booysen</i>
Councillor	<i>L. Van Niekerk</i>

MUNICIPAL MANAGER

H.F. Nel

CHIEF FINANCIAL OFFICER

C.J.B. Müller

REGISTERED OFFICE

<i>7 Charl Street</i>	<i>P.O. Box 27</i>
<i>Douglas</i>	<i>Douglas</i>
<i>8730</i>	<i>8730</i>

GRADING

Grade 2
Medium Capacity

AUDITORS

Auditor-General (NC)
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

Standard Bank, Douglas First National Bank, Douglas

ATTORNEYS

Herman van Heerden Attorneys

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

SIYANCUMA LOCAL MUNICIPALITY

MEMBERS OF THE SIYANCUMA LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	<i>J. George</i>
2	<i>M. Selebogo</i>
3	<i>S. Mosetle</i>
4	<i>P. Mc Klein</i>
5	<i>D. Koopman</i>
6	<i>A. Oliphant</i>
Proportional	<i>L. Oliphant</i>
Proportional	<i>M. Eland</i>
Proportional	<i>V. Adams</i>
Proportional	<i>R. Booysen</i>
Proportional	<i>L. Van Niekerk</i>

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2015, which are set out on pages 1 to 89 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2015 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

H.F. Nel
Municipal Manager

28 August 2015
Date

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015 R (Actual)	2014 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		247 757 557	258 216 915
Accumulated Surplus		247 757 557	258 216 915
Non-Current Liabilities		24 546 029	22 281 511
Long-term Liabilities	2	4 827 075	4 693 074
Employee benefits	3	16 121 007	13 139 830
Non-Current Provisions	4	3 597 946	4 448 607
Current Liabilities		55 606 728	43 108 453
Consumer Deposits	5	181 016	164 784
Current Employee benefits	6	5 198 730	4 946 516
Provisions	7	5 558 276	1 373 473
Payables From Exchange Transactions	8	42 494 649	17 187 707
Unspent Conditional Government Grants and Receipts	9	910 217	17 105 961
Current Portion of Long-term Liabilities	2	1 263 840	2 330 012
Total Net Assets and Liabilities		327 910 313	323 606 879
ASSETS			
Non-Current Assets		300 909 883	271 766 115
Property, Plant and Equipment	11	289 661 917	260 069 991
Investment Property	12	9 982 000	9 982 000
Intangible Assets	13	544 090	633 594
Biological Assets	14	560 600	480 915
Capitalised Restoration Cost	15	2 182	443 298
Operating Lease Asset	20	159 094	156 316
Current Assets		27 000 430	51 840 764
Inventory	16	474 232	507 736
Trade Receivables from exchange transactions	17	15 877 198	32 176 084
Other Receivables from non-exchange transactions	18	629 067	736 213
Taxes	10	7 852 002	8 959 211
Cash and Cash Equivalents	21	2 167 931	9 461 521
Total Assets		327 910 313	323 606 879

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 (Actual) R	2014 (Restated) R	Correction of error R	2014 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		99 665 562	75 706 006	-	75 706 006
Taxation Revenue		8 530 133	7 620 826	-	7 620 826
Property taxes	22	8 530 133	7 620 826	-	7 620 826
Transfer Revenue		85 007 015	66 882 371	-	66 882 371
Government Grants and Subsidies - Capital	23	41 279 119	24 191 703	-	24 191 703
Government Grants and Subsidies - Operating	23	43 727 896	42 690 668	-	42 690 668
Other Revenue		6 128 414	1 202 809	-	1 202 809
Fines		4 693 338	86 940	-	86 940
Licences and Permits		986 091	913 975	-	913 975
Gain on disposal of PPE	11	369 300	136 819	-	136 819
Change in fair value of biological assets	14	79 685	65 075	-	65 075
Revenue from Exchange Transactions		45 894 620	55 272 090	7 352	55 264 738
Service Charges	24	43 297 954	41 988 033	-	41 988 033
Rental of Facilities and Equipment		266 098	492 482	7 806	484 676
Interest Earned - external investments		406 734	307 316	-	307 316
Interest Earned - outstanding debtors		682 138	629 910	-	629 910
Other Income	25	1 241 696	11 854 349	(454)	11 854 803
Total Revenue		145 560 182	130 978 096	7 352	130 970 744
EXPENDITURE					
Employee related costs	26	42 340 135	38 715 385	-2 100	38 717 485
Remuneration of Councillors	27	3 626 256	3 388 009	-	3 388 009
Debt Impairment	28	28 424 573	90 856	-	90 856
Depreciation and Amortisation	11	11 947 908	9 015 047	-	9 015 047
Repairs and Maintenance		2 184 943	2 200 184	-6 178	2 206 362
Actuarial losses	3	2 012 816	860 557	-	860 557
Finance Charges	29	6 854 822	1 673 644	-	1 673 644
Bulk Purchases	30	33 295 845	28 699 973	-	28 699 973
Stock Adjustments	30	105 035	20 971	-	20 971
Other Operating Grant Expenditure	31	1 922 665	2 546 254	-	2 546 254
Loss on disposal of PPE	11	1 487 014	-	-	-
Loss on disposal of Biological assets	14	-	77 193	-	77 193
General Expenses	32	21 817 531	18 820 976	-12 000	18 832 976
Total Expenditure		156 019 543	106 109 049	-20 278	106 129 327
NET SURPLUS/(DEFICIT) FOR THE YEAR		(10 459 361)	24 869 047	27 630	24 841 417

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Accumulated Surplus/ (Deficit)	Total
		R	R
Balance at 1 July 2013		232 417 603	232 417 603
Correction of error	33.07	930 323	930 323
Restated Balance at 1 July 2013		233 347 926	233 347 926
Net Surplus for the year		24 841 417	24 841 417
Correction of error	33.08	27 630	27 630
Rounding		-58	-58
Restated Balance at 1 July 2014		258 216 915	258 216 915
Net Surplus for the year		-10 459 361	-10 459 361
Rounding		3	3
Balance at 30 June 2015		247 757 557	247 757 557

SIYANCUMA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R	2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		28 098 139	59 738 910
Government - operating		43 727 896	42 690 668
Government - capital		41 279 119	24 191 703
Interest		1 088 872	937 226
Dividends		-	-
Payments			
Suppliers and employees		(75 259 475)	(99 566 939)
Finance charges		(6 854 822)	(1 673 644)
Transfers and Grants		-	-
Net Cash from Operating Activities	34	32 079 729	26 317 924
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	11	(37 209 643)	(21 447 937)
Proceeds on Disposal of Fixed Assets		3 667 970	302 642
Purchase of Intangible Assets	13	(24 929)	(266 999)
Proceeds on Disposal of Biolocical Assets	14	-	28 067
Net Cash from Investing Activities		-33 566 603	(21 384 228)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans raised		-	-
Loans (repaid)		(5 822 947)	(2 635 102)
Increase/(Decrease) in Consumer Deposits		16 232	(22 771)
Rounding		-	(57)
Net Cash from Financing Activities		(5 806 715)	-2 657 929
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(7 293 588)	2 275 767
Cash and Cash Equivalents at the beginning of the year		9 461 521	7 185 754
Cash and Cash Equivalents at the end of the year	35	2 167 931	9 461 521
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(7 293 590)	2 275 767

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	1 778 313	25 000 000	(23 221 687)	Revenue not realised as expected
Call investment deposits	389 618	-	389 618	Late implementation of projects
Consumer debtors	23 729 200	3 301 000	20 428 200	Debt collection not effective due to vacancies
Other Receivables	629 067	8 780 000	(8 150 933)	An effort was made to clear other/receivables debtors
Current portion of long-term receivables	-	-	-	
Inventory	474 232	-	474 232	Not budgeted for
Total current assets	27 000 430	37 081 000	(10 080 570)	
Non current assets				
Long-term receivables	159 094	-	159 094	Not budgeted for
Investments	-	-	-	
Investment property	9 982 000	9 982 000	-	
Property, plant and equipment	289 664 099	334 214 000	(44 549 901)	Variance due to restatement of land and buildings within the asset register
Biological Assets	560 600	-	560 600	Value of game increased
Intangible Assets	544 090	-	544 090	Not budgeted for
Heritage Assets	-	-	-	
Total non current assets	300 909 883	344 196 000	(43 286 117)	
TOTAL ASSETS	327 910 313	381 277 000	(53 366 687)	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	1 263 840	621 000	642 840	Partly replacement of fleet and electronic equipment
Consumer deposits	181 016	-	181 016	Not budgeted for
Trade and other payables	43 404 866	29 831 000	13 573 866	Increased spending on consumption of services
Provisions and Employee Benefits	10 757 006	-	10 757 006	Not included in the A schedules
Total current liabilities	55 606 728	30 452 000	25 154 728	
Non current liabilities				
Borrowing	4 827 075	3 400 000	1 427 075	Partly replacement of fleet and electronic equipment
Provisions and Employee Benefits	19 718 953	16 660 579	3 058 374	Not included in the A schedules
Total non current liabilities	24 546 028	20 060 579	4 485 449	
TOTAL LIABILITIES	80 152 756	50 512 579	29 640 177	
NET ASSETS	84 979 831	330 764 421	(245 784 590)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	247 757 557	330 764 000	(83 006 443)	Increase of Non-cash transactions
Reserves	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	247 757 557	330 764 000	(83 006 443)	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	25 000 000	-	25 000 000	
Call investment deposits	-	-	-	
Consumer debtors	3 301 000	-	3 301 000	
Other Receivables	8 780 000	-	8 780 000	
Current portion of long-term receivables	-	-	-	
Inventory	-	-	-	
Total current assets	37 081 000	-	37 081 000	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	-	-	
Investment property	9 982 000	-	9 982 000	
Property, plant and equipment	334 214 000	-	334 214 000	
Biological Assets	-	-	-	
Intangible Assets	-	-	-	
Heritage Assets	-	-	-	
Total non current assets	344 196 000	-	344 196 000	
TOTAL ASSETS	381 277 000	-	381 277 000	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	621 000	-	621 000	
Consumer deposits	-	-	-	
Trade and other payables	29 831 000	-	29 831 000	
Provisions and Employee Benefits	-	-	-	
Total current liabilities	30 452 000	-	30 452 000	
Non current liabilities				
Borrowing	3 400 000	-	3 400 000	
Provisions and Employee Benefits	16 660 579	-	16 660 579	
Total non current liabilities	20 060 579	-	20 060 579	
TOTAL LIABILITIES	50 512 579	-	50 512 579	
NET ASSETS	330 764 421	-	330 764 421	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	330 764 000	-	330 764 000	
Reserves	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	330 764 000	-	330 764 000	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	8 530 133	8 973 815	(443 682)	Budgeted income not realised due to economic decline
Property rates - penalties & collection charges	-	-	-	
Service charges	43 297 954	62 555 400	(19 257 446)	Budgeted income not realised due to economic decline
Rental of facilities and equipment	266 098	362 851	(96 753)	
Interest earned - external investments	406 734	620 000	(213 266)	Slow spending on grants resulted in grant funds being invested
Interest earned - outstanding debtors	682 138	629 000	53 138	
Dividends received	-	-	-	
Fines	4 693 338	736 758	3 956 580	Traffic service not fully operational
Licences and permits	986 091	450 000	536 091	Incorrectly budgeted / Increase in transactions
Agency services	-	758 320	(758 320)	Incorrectly budgeted
Government Grants and Subsidies - Operating	43 727 896	42 342 661	1 385 235	Greater grant funding received during the year
Other revenue	1 321 381	724 199	597 182	Change in non-cash items
Gains on disposal of PPE	369 300	-	369 300	Unforeseen
Total Operating Revenue	104 281 063	118 153 004	(13 871 941)	
EXPENDITURE BY TYPE				
Employee related costs	42 340 135	44 126 704	(1 786 569)	Vacancies not filled eg. Corporate Manager
Remuneration of councillors	3 626 256	3 571 375	54 881	Normal yearly increase
Debt impairment	28 424 573	11 158 500	17 266 073	Change in non-cash items
Depreciation & asset impairment	11 947 908	14 306 917	(2 359 009)	Normal change in depreciation
Finance charges	6 854 822	-	6 854 822	Increase in provision of landfill sites
Bulk purchases	33 400 880	30 150 000	3 250 880	Development provided for in budget not realised
Other materials	-	6 151 212	(6 151 212)	Incorrect classification in budget, budgeted for in general expense
Contracted services	-	5 800 000	(5 800 000)	Incorrect classification in budget, budgeted for in general expense
Grants and subsidies paid	-	11 817 686	(11 817 686)	Incorrect classification in budget, budgeted for in general expense
Other expenditure	27 937 955	23 060 659	4 877 296	Due to cash flow constraints, general expenses were limited
Loss on disposal of PPE	1 487 014	-	1 487 014	Not budgeted for
Total Operating Expenditure	156 019 543	150 143 053	5 876 490	
Operating Deficit for the year	(51 738 480)	(31 990 049)	(19 748 431)	
Government Grants and Subsidies - Capital	41 279 119	31 783 000	9 496 119	Budgeted for rollover which didn't realise
Net Deficit for the year	(10 459 361)	(207 049)	(10 252 312)	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	10 698 617	(1 724 802)	8 973 815	The approved budget was adjusted according to the half yearly figures which did not materialize
Property rates - penalties & collection charges	-	-	-	
Service charges	63 150 706	(595 306)	62 555 400	The approved budget was adjusted according to the half yearly figures which did not materialize
Rental of facilities and equipment	1 195 252	(832 401)	362 851	The approved budget was adjusted according to the half yearly figures which did not materialize
Interest earned - external investments	260 000	360 000	620 000	The approved budget was adjusted according to the half yearly figures which did not materialize
Interest earned - outstanding debtors	629 000	-	629 000	Debtors increased due to economic climate
Dividends received	-	-	-	
Fines	7 236 204	(6 499 446)	736 758	Traffic department was not operational as expected
Licences and permits	450 000	-	450 000	Budgeted for under fines
Agency services	711 068	47 252	758 320	The approved budget was adjusted according to the half yearly figures which did not materialize
Government Grants and Subsidies - Operating	50 142 661	(7 800 000)	42 342 661	The approved budget was adjusted according to the half yearly figures which did not materialize
Other revenue	509 091	215 108	724 199	Actual revenue as at mid year was more than anticipated
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	134 982 599	(16 829 595)	118 153 004	
EXPENDITURE BY TYPE				
Employee related costs	49 140 893	(5 014 189)	44 126 704	Budgeted for vacant positions
Remuneration of councillors	3 571 375	-	3 571 375	Adjustment due to the Government notice issued in December
Debt impairment	11 158 500	-	11 158 500	Provided for additional services based on mid year expenditure report
Depreciation & asset impairment	13 894 417	412 500	14 306 917	Due to review of finance lease contracts and capital expenditure to date
Finance charges	413 676	(413 676)	-	
Bulk purchases	32 542 382	(2 392 382)	30 150 000	Expected expansion on development did not materialize
Other materials	7 759 373	(1 608 161)	6 151 212	The approved budget was adjusted according to mid year figures
Contracted services	3 700 000	2 100 000	5 800 000	Provided for additional services based on mid year expenditure report
Grants and subsidies paid	8 083 685	3 734 001	11 817 686	Provided for additional services based on mid year expenditure report
Other expenditure	18 727 338	4 333 321	23 060 659	Provided for reduced expenditure based on mid year expenditure report
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	148 991 639	1 151 414	150 143 053	
Operating Deficit for the year	(14 009 040)	(17 981 009)	(31 990 049)	
Government Grants and Subsidies - Capital	23 023 000	8 760 000	31 783 000	
Net Surplus/(Deficit) for the year	9 013 960	(9 221 009)	(207 049)	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	28 098 139	83 950 944	(55 852 805)	Low collection rate
Government - operating	43 727 896	48 642 661	(4 914 765)	Received extra grant funding
Government - capital	41 279 119	24 523 000	16 756 119	Slow capital project implementation
Interest	1 088 872	889 000	199 872	Slow spending on capital grants results in funds being invested in call deposit account
Dividends	-	-	-	
Payments				
Suppliers and Employees	(75 259 475)	(115 437 360)	40 177 885	Low cash flow, limited expenditure
Finance charges	(6 854 822)	(413 676)	(6 441 146)	Due to expense of finance leases
Transfers and Grants	-	(18 083 023)	18 083 023	Budgeted for under general expenditure
NET CASH FROM/(USED) OPERATING ACTIVITIES	32 079 729	24 071 546	8 008 183	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	3 667 970	-	3 667 970	Disposal of assets was not foreseen
Decrease/(increase) in non-current receivables	-	31 585 000	(31 585 000)	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(37 234 572)	-	(37 234 572)	Slow spending on capital projects
NET CASH FROM/(USED) INVESTING ACTIVITIES	-33 566 603	31 585 000	-65 151 603	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	16 232	-	16 232	
Payments				
Repayment of borrowing	(5 822 947)	(654 000)	(5 168 947)	Loans redeemed during the year not adjusted in budget
NET CASH FROM/(USED) FINANCING ACTIVITIES	-5 806 715	(654 000)	-5 152 715	
NET INCREASE/(DECREASE) IN CASH HELD	-7 293 588	55 002 546	-62 296 134	
Cash and Cash Equivalents at the beginning of the year	9 461 521	-	9 461 521	
Cash and Cash Equivalents at the end of the year	(2 167 931)	55 002 546	(57 170 477)	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	83 950 944	-	83 950 944	Property rates and service charges adjusted due to mid year actuals
Government - operating	48 642 661	-	48 642 661	
Government - capital	24 523 000	-	24 523 000	Budget increased due to approval of MIG roll over
Interest	889 000	-	889 000	Low spending on unspent grants resulted in funds being invested in a call deposit account
Dividends	-	-	-	
Payments				
Suppliers and Employees	(115 437 360)	-	(115 437 360)	Decrease in employee related cost, consultancy fees and general expenditure
Finance charges	(413 676)	-	(413 676)	
Transfers and Grants	(18 083 023)	-	(18 083 023)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	24 071 546	-	24 071 546	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	31 585 000	-	31 585 000	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	-	-	-	
NET CASH FROM/(USED) INVESTING ACTIVITIES	31 585 000	-	31 585 000	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(654 000)	-	(654 000)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-654 000	-	(654 000)	
NET INCREASE/(DECREASE) IN CASH HELD	55 002 546	-	55 002 546	
Cash and Cash Equivalents at the beginning of the year	-	-	-	
Cash and Cash Equivalents at the end of the year	55 002 546	-	55 002 546	Made provision for a decrease in cash at the end of the year due to decrease in debt collection

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements..

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of</p>	1 April 2015

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	<p>functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	
GRAP 107 (Original – Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	1 April 2015
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	1 April 2015
IGRAP 17	<p>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</p>	Unknown

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	<p>The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality does not have any Concession Arrangements at this stage.</p>	
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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. LEASES

1.9.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.9.2 Municipality as Lessor

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.12. UNSPENT PUBLIC CONTRIBUTIONS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

-
- when the plan will be implemented.

- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.14. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.14.1 *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.14.4 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.14.5 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.14.6 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.14.7 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.15.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Road network	4-49	Air Conditioners	3-14
Stormwater network	5-65	Chairs	3-11
Electricity network	4-48	Electronic equipment	3-9
Water network	4-98	Motor Vehicles	5-11
Sanitation network	2-96	Furniture and fittings	3-30
		Office Equipment	3-5
		Trailers	3-9
<u>Community</u>		Tables and Desks	3-21
Recreational Facilities	24-94	Tractors	4-8
Cemeteries	94	Trucks	2-14
Halls	49-94	Works Equipment	3-9
Libraries	27-94	Computer Hardware	3-9
		Landfill sites	25-38
<u>Leased Assets</u>			
Office equipment	1-5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.15.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.16.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	2-9

1.16.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17. INVESTMENT PROPERTY**1.17.1 Initial Recognition**

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.17.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

1.17.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18 HERITAGE ASSETS**1.18.1 Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.18.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.18.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.18.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.19 BIOLOGICAL ASSETS

1.19.1 Initial Recognition

A biological asset or agricultural produce is recognised when, and only when:

- the Municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

1.19.2 Subsequent Measurement

Biological assets are measured at their fair value less cost to sell.

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry at hunting prices. Game is considered to be consumable/bearer biological assets.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is recognised in the Statement of Financial Performance for the period in which it arises.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
 - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- (b) Internal sources of information
 - Evidence is available of obsolescence or physical damage of an asset.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
 - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
 - Cessation, or near cessation, of the demand or need for services provided by the asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
- (b) Internal sources of information
 - Evidence is available of physical damage of an asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
 - A decision to halt the construction of the asset before it is complete or in a usable condition.
 - Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. INVENTORIES

1.21.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.22. FINANCIAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.22.2.4 Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22.3 De-recognition of Financial Instruments

1.22.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.23. REVENUE

1.23.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.23.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.25. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.29.1 *Post-retirement medical obligations and Long service awards*

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 3 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.29.2 *Impairment of Receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.29.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

1.29.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

1.29.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.29.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.29.7 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.29.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.29.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.29.10 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.29.11 Pre-paid electricity estimation

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days worth of unused electricity.

1.29.12 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.32. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2

LONG TERM LIABILITIES

	2015 R	2014 R
Annuity Loans - At amortised cost	1 520 520	2 467 488
Capitalised Lease Liability - At amortised cost	4 570 394	4 555 598
	6 090 915	7 023 086
Less: Current Portion transferred to Current Liabilities	1 263 840	2 330 012
	4 827 075	4 693 074
Total Long-term Liabilities - At amortised cost using the effective interest rate method	4 827 075	4 693 074

The obligations under annuity loans are scheduled below

Amounts payable under annuity loans:

	2015 R	2014 R
Payable within one year	957 513	1 112 506
Payable within two to five years	716 675	1 730 449
Payable after five years	-	-
	1 674 188	2 842 955
Less: Future finance obligations	(153 668)	(375 467)
Present value of annuity obligations	1 520 520	2 467 488

Annuity loans at amortised cost is calculated at 10%-16.05% interest rate, with maturity date of 1 September 2017. The loan from DBSA was repaid during the financial year. The other loans are secured as follows:

Description of assets:	Effective Interest		Maturity Date		
DBSA - Loan 101 Lalf 15104 - 14	13.8%	Unsecured	2015/06/30	-	104 376
NISSAN NP200 CDR 062 NC	10.50	Secured	2016/11/01	36 785	59 662
NISSAN NP200 CDN 916 NC	10.50	Secured	2016/10/01	34 715	57 757
NISSAN HARDBODY NP300 CDN 914 NC	10.50	Secured	2016/11/01	-	84 418
NISSAN HARDBODY NP300 CDP 880 NC	10.50	Secured	2016/11/01	51 944	84 250
HYUNDAI H100 CDP 690 NC	10.50	Secured	2016/10/01	64 832	107 865
JOHN DEERE CFR 787 NC (017)	10.50	Secured	2017/07/01	126 200	177 692
TATA TIPPER CFZ 066 NC (019)	10.50	Secured	2017/09/01	324 750	447 340
NISSAN HARDBODY NP300 CDP 876 NC (012)	10.00	Secured	2016/11/01	75 894	123 095
NISSAN TIIDA CDP 877 NC	10.50	Secured	2016/11/01	60 043	97 386
QUANTUM CDP 884 NC	10.50	Secured	2016/11/01	111 197	180 356
NISSAN HARDBODY CDZ032 NC	10.50	Secured	2016/12/01	54 679	86 654
NISSAN HARDBODY CDT 116 NC	10.50	Secured	2016/12/01	54 788	86 827
NISSAN HARDBODY CDT 114 NC	10.50	Secured	2016/12/01	54 788	86 827
NISSAN HARDBODY CDP 879 NC	10.50	Secured	2012/11/01	51 899	84 177
TOYOTA HILUX CDK 987 NC	10.50	Secured	2016/09/02	51 136	87 501
TATA HONEY SUCKER CFZ 858 NC (018)	10.00	Secured	2017/08/01	366 870	511 305
				1 520 520	2 467 488

The depreciation and the finance charge relating to the secured asset was included as part of the total depreciation and finance charges respectively. Please refer to note 11 and note 29

The obligations under finance leases are scheduled below

Amounts payable under finance leases:

	2015 R	2014 R
Payable within one year	2 342 262	1 773 217
Payable within two to five years	8 265 125	3 506 642
Payable after five years	-	-
	10 607 388	5 279 858
Less: Future finance obligations	(6 036 993)	(724 261)
Present value of lease obligations	4 570 394	4 555 598

Finance lease agreement is calculated at an interest rate of 9%-59%. With a last maturity date of 31 March 2020.

Refer to note 11 for the finance lease assets capitalised

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

For each class of finance lease liability, the net carrying amount at the reporting date:

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

LONG TERM LIABILITIES (CONTINUE)

				2015	2014
				R	R
Description of leased item	Effective Interest	Lease Term	Maturity Date		
Nashua - GK500568-500586	11.0%	5	2015/10/30	-	52 237
PABX - MP 2000 and DTPC 430	9.0%	5	2016/07/30	-	64 748
CCTV camera P10400003	9.0%	3	2015/03/31	-	31 634
MP 201 SPF	9.0%	5	2016/11/30	-	-
PABX - PA 188918	9.0%	5	2017/01/31	-	100 569
Various A	9.0%	5	2015/12/31	-	-
Various B	9.0%	5	2015/10/31	-	-
Various (R15200)	8.5%	5	2017/11/30	-	614 713
Various (R46000)	8.5%	5	2018/02/28	-	1 976 454
Clocking System	8.5%	5	2017/10/30	-	164 290
CCTV System	8.5%	5	2018/05/01	-	102 180
Various (R27000)	8.5%	3	2015/08/31	-	408 806
Various (R15000)	9.0%	5	2019/02/28	-	779 584
Cisco Router	9.0%	3	2016/11/30	-	260 383
Various (R150100)	9 to 59%	5	2019/12/31	3 977 953	-
Various (R2200)	48.0%	5	2020/01/31	55 704	-
Various (R18918)	41.0%	5	2020/03/31	536 737	-
				4 570 394	4 555 598

The depreciation and the finance charge relating to the leased asset was included as part of the total depreciation and finance charges respectively. Please refer to note 11 and note 29

3

EMPLOYEE BENEFITS

		2015	2014
		R	R
Post Retirement Benefits	3.1	14 252 444	11 467 883
Long Service Awards	3.2	1 868 563	1 671 947
Total Non-current Employee Benefit Liabilities		16 121 007	13 139 830

Post Retirement Benefits

Balance 1 July		11 916 035	10 266 930
Contribution for the year		(412 763)	(401 058)
Expenditure for the year		1 439 857	1 242 093
Actuarial Loss/(Gain)		1 791 523	808 070
Total post retirement benefits 30 June		14 734 652	11 916 035
Less: Transfer of Current Portion	6	(482 208)	(448 152)
Balance 30 June		14 252 444	11 467 883

Long Service Awards

Balance 1 July		1 887 806	1 798 038
Contribution for the year		(319 539)	(214 146)
Expenditure for the year		277 398	251 427
Actuarial Loss		221 293	52 487
Total long service 30 June		2 066 958	1 887 806
Less: Transfer of Current Portion	6	(198 395)	(215 859)
Balance 30 June		1 868 563	1 671 947

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July		13 803 841	12 064 968
Contribution for the year		(732 302)	(615 204)
Expenditure for the year		1 717 255	1 493 520
Actuarial Loss/(Gain)		2 012 816	860 557
Total employee benefits 30 June		16 801 610	13 803 841
Less: Transfer of Current Portion	6	(680 603)	(664 011)
Balance 30 June		16 121 007	13 139 830

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3 EMPLOYEE BENEFITS (CONTINUE)

3.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2015 Number of members	2014 Number of members
In-service (employee) members	51	38
Continuation members (e.g. Retirees, widows, orphans)	13	13
Total Members	64	51

The liability in respect of past service has been estimated to be as follows:

In-service members	8 387 028	6 782 659
Continuation members	6 347 624	5 133 376
Total Liability	14 734 652	11 916 035

	2013 R	2012 R	2011 R
In-service members	4 969 926	4 395 388	4 807 030
Continuation members	5 297 004	4 496 741	3 730 823
Total Liability	10 266 930	8 892 129	8 537 853

Experience adjustments were calculated as follows:

	2015 R	2014 R
Liabilities: (Gain) / loss	1.843	0.455
Assets: Gain / (loss)	-	-

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 Rm	2012 Rm	2011 Rm
Liabilities: (Gain) / loss	0.822	(1.008)	1.655
Assets: Gain / (loss)	-	-	-

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas	Keyhealth	Samwumed
LA Health	Hosmed	

The Municipality's Accrued Unfunded Liability at 30 June 2015 is estimated at R14.735 million. The Current-service Cost for the year ending 30 June 2015 is estimated at R399 706. It is estimated to be R587 277 for the ensuing year.

Key actuarial assumptions used:

	2015 %	2014 %
i) Rate of interest		
Discount rate	8.72%	8.89%
Health Care Cost Inflation Rate	7.95%	8.12%
Net Effective Discount Rate	7.20%	0.71%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at ages 65 (male) and 60 (female), which then implicitly allows for expected rates of early and ill-health retirement.

	2015 R	2014 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	14 734 652	11 916 035
Net liability/(asset)	14 734 652	11 916 035

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	R	R
3 EMPLOYEE BENEFITS (CONTINUE)		
Reconciliation of present value of fund obligation		
Present value of fund obligation at the beginning of the year	11 916 035	10 266 930
Total expenses	1 027 094	841 035
Current service cost	399 706	379 318
Interest Cost	1 040 151	862 775
Benefits Paid	(412 763)	(401 058)
Actuarial (gains)/losses	1 791 523	808 070
Present value of fund obligation at the end of the year	14 734 652	11 916 035
Less: Transfer of Current Portion	6 (482 208)	(448 152)
Balance 30 June	14 252 444	11 467 883

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		8.387	6.348	14.735	
Health care inflation	1%	10.290	6.964	17.254	17%
Health care inflation	-1%	6.892	5.810	12.702	-14%
Discount Rate	1%	6.913	5.818	12.732	-14%
Discount Rate	-1%	10.295	6.966	17.261	17%
Post-retirement mortality	-1 year	8.694	6.615	15.309	4%
Average retirement age	-1 year	9.076	6.348	15.424	5%
Continuation of membership at retirement	-10%	7.544	6.348	13.891	-6%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		399 700	1 040 200	1 439 900	
Health care inflation	1%	496 700	1 214 300	1 711 000	19%
Health care inflation	-1%	324 800	898 800	1 223 600	-15%
Discount Rate	1%	328 800	1 002 100	1 330 900	-8%
Discount Rate	-1%	492 400	1 078 200	1 570 600	9%
Post-retirement mortality	-1 year	414 000	1 081 400	1 495 400	4%
Average retirement age	-1 year	435 800	1 080 600	1 516 400	5%
Continuation of membership at retirement	-10%	360 600	987 400	1 348 000	-6%

	2015	2014
	R	R
3.2 Long Service Bonuses		

The Long Service Bonus plans are defined benefit plans. As at year end, 157 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2015 is R134 866. The Current-service Cost for the ensuing year has been estimated to be R166 666.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	7.92%	8.00%
General Salary Inflation (long-term)	7.06%	7.13%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.81%	0.81%

	2015	2014
	R	R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	116 895	135 870
Assets: Gain / (loss)	-	-

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013	2012	2011
	R	R	R
Liabilities: (Gain) / loss	256 695	104 190	(82 311)
Assets: Gain / (loss)	-	-	-

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3

EMPLOYEE BENEFITS (CONTINUE)

2015
R

2014
R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

2 066 958

1 887 806

Net liability/(asset)

2 066 958

1 887 806

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

2013
R

2012
R

2011
R

Total Liability

1 798 038

1 421 424

1 134 463

Reconciliation of present value of fund obligation

2015
R

2014
R

Present value of fund obligation at the beginning of the year

1 887 806

1 798 038

Total expenses

(42 141)

37 281

Current service cost

134 866

130 320

Interest Cost

142 532

121 107

Benefits Paid

(319 539)

(214 146)

Actuarial (gains)/losses

221 293

52 487

Present value of fund obligation at the end of the year

2 066 958

1 887 806

Less: Transfer of Current Portion

6

(198 395)

(215 859)

Balance as at 30 June

1 868 563

1 671 947

3

EMPLOYEE BENEFITS (CONTINUE)

2015
R

2014
R

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption

Change

Liability (Rm)

% change

Central assumptions

2.067

General salary inflation

1%

2.212

7%

General salary inflation

-1%

1.936

-6%

Discount Rate

1%

1.930

-7%

Discount Rate

-1%

2.221

7%

Average retirement age

-2 yrs.

1.825

-12%

Average retirement age

2 yrs

2.392

16%

Withdrawal rates

-50%

2.067

0%

2015
R

2014
R

3.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% or 26.6% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2013 - 99.80%). Whilst this has decreased since the previous actuarial valuations it is still within the Registrar's normally acceptable range of at least a 95% funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

Contributions paid recognised in the Statement of Financial Performance

850 197

632 351

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3

EMPLOYEE BENEFITS (CONTINUE)

2015

R

2014

R

IMATU PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

Contributions paid recognised in the Statement of Financial Performance

307 947

273 294

SALA PENSION FUND

The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

Contributions paid recognised in the Statement of Financial Performance

1 898 825

1 884 350

SAMWU PROVIDENT FUND

The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

Contributions paid recognised in the Statement of Financial Performance

721 453

758 869

4

NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

3 597 946

4 448 607

Total Non-current Provisions

3 597 946

4 448 607

Landfill Sites

Balance 1 July

5 822 080

5 467 676

Increase in Estimate

3 029 122

96 974

Unwinding of discounted interest

305 021

257 430

Total provision 30 June

9 156 223

5 822 080

Less: Transfer of Current Portion to Current Provisions

7 (5 558 276)

(1 373 473)

Balance 30 June

3 597 946

4 448 607

The municipality has an obligation to rehabilitate landfill sites at the end of the expected usefull life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location

Estimated decommission date

Cost of rehabilitation

2015

R

2014

R

Douglas

2028

2 400 989

3 214 805

Griekwastad

2021

1 196 957

1 233 802

Campbell

2015

5 558 276

1 373 473

9 156 223

5 822 080

Material Assumptions used

Area of landfill site consumed

2013

2014

2015

Douglas

50.87%

69.32%

97.00%

Griekwastad

51.93%

70.22%

99.00%

Campbell

53.71%

79.96%

100.00%

Discount Rate used

4.71%

5.24%

The discount rate used the calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

5

CONSUMER DEPOSITS

Water & Electricity

181 016

164 784

Total Consumer Deposits

181 016

164 784

The fair value of consumer deposits approximate their carrying value. No discounting of consumer deposits is being performed due to the uncertainty of the timing of future repayments. Interest is not paid on these amounts.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

6	CURRENT EMPLOYEE BENEFITS	2015 R	2014 R
	Current Portion of Post Retirement Benefits	3 482 208	448 152
	Current Portion of Long-Service Awards	3 198 395	215 859
	Bonuses	971 329	885 833
	Staff Leave	3 546 797	3 396 672
	Total Current Employee Benefits	5 198 730	4 946 516

The movement in current employee benefits are reconciled as follows:

Bonuses

Balance at beginning of year	885 833	774 464
Contribution to current portion	1 792 379	130 708
Expenditure incurred	-1 706 883	-19 339
Balance at end of year	971 329	885 833

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle, that will only be paid out in the following year, November. There is no possibility of reimbursement.

Staff Leave

Balance at beginning of year	3 396 672	2 784 839
Contribution to current portion	427 025	746 771
Expenditure incurred	-276 899	-134 938
Balance at end of year	3 546 797	3 396 672

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

7	PROVISIONS	2015 R	2014 R
	Current Portion of Rehabilitation of Landfill-sites	4 5 558 276	1 373 473
	Total Provisions	5 558 276	1 373 473

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

8 PAYABLES FROM EXCHANGE TRANSACTIONS	2015 R	2014 R
Trade Payables	40 069 037	16 042 186
Balance previously reported		17 188 035
Correction of Payables from Exchange Transactions against Statement of Financial Performance - Employee related costs - Contributions for uif, pensions and medical aids (Creditor raised twice in 2013/14)	33.06 -	-34 940
Correction of Payables from Exchange Transactions against Accumulated Surplus (Incorrect allocation of receipt in 2011/12 - Csh 25 16/02/2012)	33.06 -	-2 070
Correction of Payables from Exchange Transactions against VAT payable from exchange transactions - VAT receivable (Correction of JNLE025 posted in 2012/2013 incorrectly)	33.06 -	2 939
Correction of Payables from Exchange Transactions against Accumulated Surplus (Correction of creditors created in 2011/12 and cleared in 2012/13)	33.06 -	-252 353
Correction of Payables from Exchange Transactions - Trade Payables against Payables from Exchange Transactions - Sundry Payables (Correction of creditors created in 2011/12 and cleared in 2012/13)	33.06 -	-600
Correction of Payables from Exchange Transactions against VAT payable from exchange transactions - VAT receivable (Correction of JNLE087 posted in 2011/2012 incorrectly)	33.06 -	-192 003
Correction of Payables from Exchange Transactions against Accumulated Surplus (Correction of creditors created in 2011/12 as already captured on system)	33.06 -	-667 104
Correction of Payables from Exchange Transactions against Statement of Financial Performance - General Expenses - Training and VAT Receivable from exchange transactions (Correction of supplier S007 item 166956 to be removed)	33.06 -	-13 680
Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from Exchange Transactions - Trade Payables (Correction of creditor to be raised for 30 June 2014 eft 15005446, 15005447, 15005449 and 15005450)	33.06 -	15 006
Correction of Payables from Exchange Transactions against Accumulated Surplus (Correction of rental income to be reversed which was captured as income received in advance in 2012 to be corrected in 2013.)	33.06 -	-12 240
Correction of Payables from Exchange Transactions - Trade payables against Trade Receivables from exchange transactions - Other Debtors (Reclassification of vote 7330/7336/7301 in 2013.)	33.06 -	11 195
Receivables with credit balances	324 938	441 320
Momentum Salaries	-	2 430
Balance previously reported		3 160
Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from Exchange Transactions - Momentum Salaries (Correction of allocation of receipt Csh 5 17-10-2013 - 120031494)	33.06 -	-730
Insurance Claims	-	-
Sundry Payables	2 100 674	701 771
Balance previously reported		694 255
Correction of Payables from Exchange Transactions - Trade Payables against Payables from Exchange Transactions - Sundry Payables (Correction of creditors created in 2011/12 and cleared in 2012/13)	33.06 -	600
Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from exchange Transactions - Sundry Payables (Correction of allocation of cheque 11020739 allocated to incorrect vote 2012/13)	33.06 -	1 700
Correction of Payables from exchange Transactions - Sundry Payables against Accumulated Surplus (Correction of allocation of cheque 11020739 allocated to incorrect vote 2012/13)	33.06 -	3 968
Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from exchange transactions - Sundry Payables (Correction of allocation of cheque 11021852, 15003061, 11021118 & 11022026 allocated to incorrect vote 2012/13)	33.06 -	1 248
Total Trade Payables	42 494 649	17 187 707

No payables are secured.

Payables are being recognised net of any discounts

Payables are not all being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2015	2014
		R	R
	Unspent Grants	910 217	17 105 961
	National and Provincial Government Grants	910 217	17 105 961
	Other Sources	-	-
	Less: Unpaid Grants	-	-
	National and Provincial Government Grants	-	-
	Other Sources	-	-
	Total Conditional Grants and Receipts	910 217	17 105 961

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Library Project

Provincial Department - Library maintenance and Expenses

Financial Management Grant

National Treasury - Financial Management

Municipal Systems Improvement Grant

National Treasury - Municipal System Improvement

Municipal Infrastructure Grant

National Treasury - Municipal Infrastructure Improvement

Douglas Oxidation Ponds

Provincial Department - Infrastructure development

LG Seta

National Treasury - Personnel Training

Expanded Public Works Programme

Provincial Department - Road Maintenance

Department of Minerals & Energy

Provincial Department - Infrastructure development

Griekwastad 457

Provincial Department - Infrastructure development

10	VAT PAYABLE FROM EXCHANGE-TRANSACTIONS	2015	2014
		R	R
	VAT Payable	12 949 178	9 853 387
	VAT Receivable	(16 534 741)	(14 546 159)
	Balance previously reported	-	(14 736 902)
	Correction of Payables from Exchange Transactions against VAT payable from exchange transactions - VAT receivable (Correction of JNLE025 posted in 2012/2013 incorrectly) 33.03	-	(2 939)
	Correction of Payables from Exchange Transactions against VAT payable from exchange transactions - VAT receivable (Correction of JNLE087 posted in 2011/2012 incorrectly) 33.03	-	192 003
	Correction of Payables from Exchange Transactions against Statement of Financial Performance - General Expenses - Training and VAT Receivable from exchange transactions (Correction of supplier S007 item 166956 to be removed) 33.03	-	1 680
	VAT Impairment contribution	(4 266 439)	(4 266 439)
		(7 852 002)	(8 959 211)

VAT is payable/receivable on the cash basis.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
11	PROPERTY, PLANT AND EQUIPMENT		
	<u>See attached sheet</u>		

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
11	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
		2015 R	2014 R
11	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
	Impairment of property plant and equipment		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Land and Buildings	-	-
	Infrastructure	-	-
	Community Assets	-	-
	Lease Assets	-	-
	Heritage	-	-
	Other	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
	Cumulative impairment charges included in major balance:		
	Land and Buildings	-	-
	Infrastructure	-	-
	Community Assets	-	-
	Lease Assets	-	-
	Heritage	-	-
	Other	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
	Effect of changes in accounting estimates:		
	The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment.		
		2015 R	2014 R
		(987 404)	388 619
		<u>-</u>	<u>-</u>
	Details of property plant and equipment carried at fair value		
	Disclose details of valuation date and independent valuer (if used)		
	No property, plant and equipment are carried at fair value		
	clo		
	se		
	as		
	rryi		
	ng		
	Cost (list each category of assets)	-	-
	Accumulated Depreciation	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
	Reconciliation of revaluation surplus:		
	Opening balance	-	-
	Movement for the period	-	-
	Closing balance	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
12	INVESTMENT PROPERTY	2015 R	2014 R
	Net Carrying amount as at 1 July	9 982 000	9 982 000
	Cost	9 982 000	9 982 000
	Accumulated Depreciation	-	-
	Net Carrying amount as at 30 June	9 982 000	9 982 000
	Cost	9 982 000	9 982 000
	Accumulated Depreciation	-	-
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
	Operating income received on properties generating revenue	102 663	232 371
	Operating expenditure incurred on properties generating revenue	-	-
	Estimated Fair Value of Investment Property at 30 June	9 982 000	9 982 000
	Fair value was determined by valuation roll of 1 July 2011.		
		2015	2014

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

13

INTANGIBLE ASSETS

R

R

Computer System & Software

Net Carrying amount at 1 July

Cost
Accumulated Amortisation

Acquisitions
Amortisation

Net Carrying amount at 30 June

Cost
Accumulated Amortisation

	633 594	458 273
Cost	1 017 488	750 489
Accumulated Amortisation	(383 894)	(292 216)
Acquisitions	24 929	266 999
Amortisation	(114 434)	(91 678)
Net Carrying amount at 30 June	544 090	633 594
Cost	1 042 418	1 017 488
Accumulated Amortisation	(498 328)	(383 894)

<u>Description</u>	<u>Remaining Amortisation Period</u>	<u>Carrying Value</u>	
		2015 R	2014 R
SEBATA - Accounting System	3	146 976	196 012
Microsoft Office	2 - 6	90 424	89 404
Cemetery Module	6	21 372	25 146
Implementation of Sebata	5 - 9	182 533	204 543
MPLS	6	67 653	78 934
Business Plan Pro Premier	6	1 773	2 058
Developed Website	8	33 358	37 497

No intangible asset were assed having an indefinite useful life.

No residual values allocated to intangible assets, as there is no active market for these software items after use, due to new versions being issued regularly.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

14 BIOLOGICAL ASSETS

	Quantity (Units)	Fair Value R	2015 R	2014 R
Springbuck	521	1 000	521 000	432 845
Blesbuck	36	1 100	39 600	48 070
			<u>560 600</u>	<u>480 915</u>

Fair value of biological assets is based on hunting prices an open active market less costs to sell.
Hunting prices were obtained from the Dept. of Economic Development, Tourism and Environmental Affairs to determine the fair value of game as at year end 30 June 2015

Reconciliation of fair value:

Opening Fair Value	480 915	521 100
Acquisitions	-	-
Disposals	-	(105 260)
Fair Value adjustments	79 685	65 075
Closing Fair Value	<u>560 600</u>	<u>480 915</u>

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located on a farm near Griekwastad. The primary activities revolving around biological assets are as follows:

- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the hunting of game, resulting in an inflow of resources to the municipality.

15 CAPITALISED RESTORATION COST

Net Carrying amount at 1 July

	2015 R	2014 R
Net Carrying amount at 1 July	443 298	440 367
Cost	752 524	655 550
Accumulated Depreciation	(250 143)	(178 771)
Revaluation	-	-
Accumulated Impairments	(59 084)	(36 411)
Acquisitions	3 669 549	96 974
Under Construction - Cost	-	-
Disposals	-	-
Depreciation for the year	(4 112 846)	(71 372)
Reversal of Impairment / (Impairment)	2 182	(22 672)

Net Carrying amount at 30 June

	2015 R	2014 R
Net Carrying amount at 30 June	2 182	443 298
Cost	4 422 073	752 524
Accumulated Depreciation	(4 362 989)	(250 143)
Revaluation	-	-
Accumulated Impairments	(56 901)	(59 084)

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
16	INVENTORY		
	Maintenance Materials - at Current Replacement Cost	472 345	506 053
	Balance previously reported	-	500 127
	Correction of Inventory - Maintenance Material against Statement of Financial Performance - Repairs and Maintenance (Correction of Inventory booking 2013/14)	33.05	5 927
	Water – at Current Replacement Cost	1 887	1 683
	Total Inventory	474 232	507 736

No inventory assets were pledged as security for liabilities.

		2015 R	2014 R
17	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Service Receivables		
	Water	39 550 583	33 826 383
	Electricity	5 146 032	4 721 843
	Refuse	12 911 220	10 946 154
	Sewerage	16 730 328	14 640 502
	Total Service Receivables	74 338 163	64 134 883
	Less: Allowance for Doubtful Debts	-60 096 388	-33 407 767
	Net Service Receivables	14 241 775	30 727 116
	Other Receivables		
	Other Debtors	894 072	484 849
	Balance previously reported	-	491 300
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Other Revenue - Cemetery Fees(Correction of allocation of receipt Csh 4 05-06-2014 - 120035544)	33.01	-454
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from Exchange Transactions - Momentum Salaries (Correction of allocation of receipt Csh 5 17-10-2013 - 120031494)	33.01	-730
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from Exchange Transactions - Trade Payables (Correction of creditor to be raised for 30 June 2014 eft 15005446, 15005447, 15005449 and 15005450)	33.01	15 006
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Employee related costs - Contributions for UIF, Pensions and Medical Aids (Correction of creditor to be raised for 30 June 2014 eft 15005446, 15005447, 15005449 and 15005450)	33.01	-34 940
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Accumulated Surplus (Correction of eft 15002847, 15002658, 15002459, 11022020, 11021137 & 11021853- 30% allocated to incorrect vote 2012/13)	33.01	-6 605
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from exchange Transactions - Sundry Payables (Correction of allocation of cheque 11020739 allocated to incorrect vote 2012/13)	33.01	1 700
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from exchange transactions - Sundry Payables (Correction of allocation of cheque 11021852, 15003061, 11021118 & 11022026 allocated to incorrect vote 2012/13)	33.01	1 248
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Accumulated Surplus (Correction of opening balance of 2012/13 vote 9501/9501/9512)	33.01	7 128
	Correction of Payables from Exchange Transactions - Trade payables against Trade Receivables from exchange transactions - Other Debtors (Reclassification of vote 7330/7336/7301 in 2013.)	33.01	11 195
	Other Arrears	2 444 776	2 297 357
	Attorneys Balances	450 487	476 854
	Rent Bongani	376 318	380 273
	Sundry Accounts	1 615 462	1 436 558
	Other	2 510	3 672
	Total Other Receivables	3 338 848	2 782 206
	Less: Allowance for Doubtful Debts	-1 703 425	-1 333 238
	Net Other Receivables	1 635 423	1 448 968
	Total Net Receivables from Exchange Transactions	15 877 198	32 176 084

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

17	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)	2015 R	2014 R
	Ageing of Receivables from Exchange Transactions:		
	<u>(Electricity): Ageing</u>		
	Current (0 - 30 days)	928 771	159 957
	31 - 60 Days	75 554	212 105
	61 - 90 Days	59 442	79 361
	+ 90 Days	4 082 265	4 270 421
	Total	5 146 032	4 721 843
	<u>(Water): Ageing</u>		
	Current (0 - 30 days)	989 345	393 706
	31 - 60 Days	417 354	521 676
	61 - 90 Days	463 060	376 722
	+ 90 Days	37 680 825	32 534 278
	Total	39 550 583	33 826 383
	<u>(Refuse): Ageing</u>		
	Current (0 - 30 days)	204 620	178 264
	31 - 60 Days	189 762	176 577
	61 - 90 Days	185 284	176 472
	+ 90 Days	12 331 554	10 414 841
	Total	12 911 220	10 946 154
	<u>(Sewerage): Ageing</u>		
	Current (0 - 30 days)	213 766	219 119
	31 - 60 Days	205 904	213 715
	61 - 90 Days	198 060	207 103
	+ 90 Days	16 112 597	14 000 564
	Total	16 730 328	14 640 502
	<u>(Other Receivables): Ageing</u>		
	Current (0 - 30 days)	57 332	19 303
	31 - 60 Days	15 975	16 133
	61 - 90 Days	15 506	16 871
	+ 90 Days	2 355 962	2 245 051
	Total	2 444 776	2 297 358
18	TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2015 R	2014 R
	Service Receivables		
	Taxes - Rates	6 601 637	6 436 817
	Fines	4 309 590	12 620
	Total Service Receivables	10 911 227	6 449 437
	Less: Allowance for Doubtful Debts	-10 282 160	-5 713 224
	Net Service Receivables	629 067	736 213
	Total Net Receivables from Non-Exchange Transactions	629 067	736 213
	Ageing of Receivables from Non-Exchange Transactions:		
	<u>(Rates): Ageing</u>		
	Current (0 - 30 days)	290 080	114 322
	31 - 60 Days	93 880	96 211
	61 - 90 Days	90 794	89 280
	+ 90 Days	6 126 883	6 137 004
	Total	6 601 637	6 436 817

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

<u>Summary of Receivables by Customer Classification</u>	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2015				
Total Receivables	71 179 074	292 081	1 410 522	87 694 166
Less: Provision for doubtful debts	-71 801 828	-280 145	-	-72 081 973
Total Recoverable debtors by customer classification	-622 754	11 936	1 410 522	15 612 193

<u>Summary of Receivables by Customer Classification</u>	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2014				
Total Receivables	71 179 074	292 081	1 410 522	72 881 676
Less: Provision for doubtful debts	-40 174 084	-280 145	-	-40 454 229
Total Recoverable debtors by customer classification	31 004 990	572 226	1 410 522	32 427 447

Trade and other receivables impairment

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2015			
Total	-61 799 813	-10 282 160	-72 081 973

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2014			
Total	-34 741 005	-5 713 224	-40 454 229

Debts (Rates) are required to be settled after 30 days, interest is charged after this date at prime +1%
The fair value of trade and other receivables approximates their carrying amounts

Reconciliation of the Total doubtful debt provision

	2015 R	2014 R
Balance at beginning of the year	40 454 229	54 290 261
Contributions to provision	24 384 462	-10 839 948
VAT Impairment	3 339 711	-1 749 887
Doubtful debts written off against provision	-136 536	-1 255 541
Fines	4 040 107	9 344
Balance at end of year	72 081 973	40 454 229

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015	2014
		R	R
20	OPERATING LEASE ARRANGEMENTS		
20.1	The Municipality as Lessor		
	Balance on 1 July	156 316	138 004
	Restated Balance on 1 July	156 316	138 004
	Movement during the year	2 778	18 312
	Balance previously reported	-	11 406
	Correction of Operating Lease Assets against Statement of Financial Performance - Rentals of Facilities and Equipment (Correction of recognition of operating lease assets in 2013/14)	33.02 -	6 906
	Balance on 30 June	159 094	156 316

Siyancuma Municipality is leasing commonage land to MTN for periods of 119 months with escalations of 10% per year.

Siyancuma Municipality is leasing commonage land to Vodacom for periods of 59 months with escalations of 10% per year.

Siyancuma Municipality is leasing commonage land to various lessees with escalations of 12% per year till 30 June 2020.

Siyancuma Municipality is leasing commonage land to Vodacom for periods of 60 months with escalations of average CPIX of 3.7% per year.

	2015	2014
	R	R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	223 148	159 247
2 to 5 Years	645 702	705 441
More than 5 Years	14 682	149 727
Total Operating Lease Arrangements	883 533	1 014 415

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land being leased out for a period until June 2020.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
21	CASH AND CASH EQUIVALENTS		
	Assets		
	Call Investments Deposits	389 618	8 505 547
	Primary Bank Account	1 777 513	955 274
	Balance previously reported		952 024
	Correction of Cash and cash equivalents against Statement of financial performance - Rental of facilities and equipment (Reversal of Stale cheques 11022422 cancelled as stale)	33.04	900
	Correction of Cash and cash equivalents against Statement of financial performance - Employee related costs - Salaries and wages (Reversal of Stale cheques 11022455 cancelled as stale)	33.04	2 100
	Correction of Cash and cash equivalents against Statement of financial performance - Repairs and Maintenance (Reversal of Stale eft 15005486 cancelled as stale)	33.04	251
	Cash Floats	800	700
	Total Cash and Cash Equivalents - Assets	2 167 931	9 461 521
	The municipality has the following bank accounts:		
	Current Accounts		
	Douglas - Std Bank Account number: 041667336000 (Primary Bank Account):	1 629 557	573 598
	Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)	147 956	381 426
		1 777 513	955 024
	Douglas - Std Bank Account number: 041667336000 (Primary Bank Account):		
	Cash book balance at beginning of year	573 598	996 279
	Cash book balance at end of year	1 629 557	573 598
	Bank statement balance at beginning of year	659 923	2 619 756
	Bank statement balance at end of year	2 822 844	659 923
	Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)		
	Cash book balance at beginning of year	381 426	287 803
	Cash book balance at end of year	147 956	381 426
	Bank statement balance at beginning of year	381 426	287 803
	Bank statement balance at end of year	147 956	381 426
	Call Investment Deposits		
	Call investment deposits consist out of the following accounts:		
	Bank Account Number		
	Standard Bank 54792271	79 331	69 461
	Standard Bank 54994621	6 281	5 928
	Standard Bank 048857440	1 512	1 486
	Standard Bank 048857424	2 302	178 351
	Standard Bank 048857432	1 610	1 168 027
	Standard Bank 048858625	237 839	7 023 562
	Standard Bank 048857521	1 716	1 297
	Standard Bank 048860077	59 027	57 435
		389 618	8 505 547

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
22	PROPERTY RATES		
	<u>Actual</u>		
	Rateable Land and Buildings	17 665 450	17 415 243
	Residential, Commercial Property, State	17 665 450	17 415 243
	<u>Less: Rebates</u>	-9 135 317	-9 794 417
	Total Assessment Rates	8 530 133	7 620 826
	<u>Valuations - 1 July 2014</u>		
	Rateable Land and Buildings	5 425 674 180	5 425 674 180
	Residential	432 093 500	432 093 500
	Business	96 989 000	96 989 000
	Governments	41 907 000	41 907 000
	The Erven	-	-
	Agriculture	4 773 712 580	4 773 712 580
	Exempt Municipal and other	80 972 100	80 972 100
	<u>Less: Income Forgone</u>		
	Total Assessment Rates	5 425 674 180	5 425 674 180

Valuations on land and buildings must be performed every four years. The last valuation came into effect on 1 July 2011. Siyancuma Local Municipality has received an exemption and a new valuation roll will be implemented as from 1 July 2016.

Rates are levied monthly and annually and are payable after due dates. Interest is levied at the prime rate plus 1% on outstanding amounts after due dates

		2015 R	2014 R
23	GOVERNMENT GRANTS AND SUBSIDIES		
	Unconditional Grants	38 021 000	36 842 000
	Equitable Share	38 021 000	36 842 000
	Conditional Grants	46 986 014	30 040 371
	Library Project	826 000	1 373 799
	Local Government Financial Management Grant	1 800 000	1 650 000
	Municipal System Improvement Grant	934 000	890 000
	Municipal Infrastructure Grant	22 861 008	13 180 092
	Griekwastad 457	8 766 386	4 774 808
	Douglas Oxidation Ponds	7 289 790	4 238 356
	LG Seta	-	68 676
	EPWP	1 401 023	2 272 448
	Department of Minerals & Energy	3 107 808	1 592 192
	Total Government Grants and Subsidies	85 007 014	66 882 371
	Government Grants and Subsidies - Capital	41 279 119	24 191 703
	Government Grants and Subsidies - Operating	43 727 896	42 690 668
		85 007 015	66 882 371
	Grant spending per vote:		
	Executive & Council	-	68 676
	Budget & Treasury	40 755 000	39 382 000
	Community & Social Services	826 000	1 373 799
	Road Transport	12 026 422	7 109 134
	Electricity	3 107 808	1 592 192
	Water	16 618 802	10 730 810
	Waste Water Management	11 672 983	6 625 760
		85 007 015	66 882 371

Conditions were complied with during the year.

23.1	Equitable share		
	Opening balance	-	-
	Grants received	31 758 000	32 282 000
	Transfer from MIG due to roll over not approved on MIG	6 263 000	4 560 000
	Conditions met - Operating	(38 021 000)	(36 842 000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

23	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2015 R	2014 R
23.2	Local Government Financial Management Grant (FMG)		
	Opening balance	-	-
	Grants received	1 800 000	1 650 000
	Conditions met - Operating	(1 800 000)	(1 614 320)
	Conditions met - Capital	-	(35 680)
	Conditions still to be met	-	-
		<hr/>	<hr/>
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
23.3	Municipal Systems Improvement Grant		
	Opening balance	-	-
	Grants received	934 000	890 000
	Transfers	-	-
	Conditions met - Operating	(882 807)	(526 521)
	Conditions met - Capital	(51 193)	(363 479)
	Conditions still to be met	-	-
		<hr/>	<hr/>
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
23.4	Municipal Infrastructure Grant (MIG)		
	Opening balance	13 338 593	7 043 686
	Grants received	16 023 000	19 475 000
	Transfer to Equitable Share due to roll over not approved on MIG	(6 263 000)	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(22 861 008)	(13 180 092)
	Grant expenditure to be recovered	237 585	13 338 593
		<hr/>	<hr/>
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
23.5	Expanded Public Works Program		
	Opening balance	772 555	2 045 004
	Grants received	1 000 000	1 000 000
	Conditions met - Operating	(1 401 023)	(2 265 351)
	Conditions met - Capital	-	(7 097)
	Grant expenditure to be recovered	371 533	772 555
		<hr/>	<hr/>
	The grant was used for infrastructure development in the Siyancuma area		
23.6	Library Grants		
	Opening balance	-	743 799
	Grants received	826 000	630 000
	Conditions met - Operating	(826 000)	(1 373 799)
	Conditions met - Capital	-	-
	Grant expenditure to be recovered	-	-
		<hr/>	<hr/>
	Library grants was utilised for the development of libraries in the Siyancuma area		
23.7	Integrated National Electrification Grant		
	Opening balance	1 607 808	-
	Grants received	1 500 000	3 200 000
	Conditions met - Operating	(797 067)	-
	Conditions met - Capital	(2 310 742)	(1 592 192)
	Conditions still to be met	-	1 607 808
		<hr/>	<hr/>
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
23.8	Other Grants		
	Opening balance	1 387 005	286 496
	Grants received	14 970 270	10 182 348
	Conditions met - Operating	-	(68 676)
	Conditions met - Capital	(16 056 175)	(9 013 163)
	Conditions still to be met	301 099	1 387 005
		<hr/>	<hr/>
	Various grants were received from other spheres of government		

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

23	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2015 R	2014 R
23.9	Total Grants		
	Opening balance	17 105 961	10 118 984
	Grants received	68 811 270	69 309 348
	Transfers	-	4 560 000
	Conditions met - Operating	(43 727 896)	(42 690 668)
	Conditions met - Capital	(41 279 118)	(24 191 703)
	Conditions still to be met/(Grant expenditure to be recovered)	910 217	17 105 961
	<u>Disclosed as follows:</u>		
	Unspent Conditional Government Grants and Receipts	910 217	17 105 961
	Unpaid Conditional Government Grants and Receipts	-	-
		910 217	17 105 961
24	SERVICE CHARGES	2015 R	2014 R
	Electricity	21 629 559	21 525 856
	Service Charges	25 981 979	25 396 087
	<u>Less:</u> Rebates	(4 352 420)	(3 870 231)
	Water	11 356 330	10 565 845
	Service Charges	13 641 513	12 465 526
	<u>Less:</u> Rebates	(2 285 183)	(1 899 681)
	Refuse removal	4 728 037	4 557 297
	Service Charges	5 679 439	5 376 674
	<u>Less:</u> Rebates	(951 402)	(819 377)
	Sewerage and Sanitation Charges	5 584 030	5 339 035
	Service Charges	6 707 678	6 298 964
	<u>Less:</u> Rebates	(1 123 648)	(959 929)
	Other Service Charges	-	-
	Total Service Charges	43 297 956	41 988 033

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

25		2015 R	2014 R
	OTHER REVENUE		
	Sundry income	301 006	472 129
	Insurance income	10 691	-
	Legal cost received	75 980	61 555
	Cemetery fees	29 820	38 521
	Balance previously reported	-	38 976
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Other Revenue - Cemetery Fees(Correction of allocation of receipt Csh 4 05-06-2014 - 120035544)	33.08 -	-454
	Other income represents administration income	87 272	107 356
	Proceeds of land sales	-	8 050
	Finance lease contract cancelled	2 -	245 789
	Donations	96 500	81 000
	Debt Impairment Reversal	28 -	10 839 948
	Landfill site	640 427	-
	Total Other Income	1 241 696	11 854 348

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) an fees for items not included under service charges (camping, fire brigade and impounding fees)

26		2015 R	2014 R
	EMPLOYEE RELATED COSTS		
	Employee Related Costs - Salaries and Wages	25 858 182	24 219 840
	Balance previously reported		24 236 941
	Correction of Cash and cash equivalents against Statement of financial performance - Employee related costs - Salaries and wages (Reversal of Stale cheques 11022455 cancelled as stale)	33.08 -	-2 100
	Correction of Employee related costs - Salaries and Wages to Acting Allowance (Reclassification of vote 0201/3031/0000)	33.08 -	-15 001
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	6 036 408	5 599 976
	Balance previously reported		5 599 976
	Correction of Payables from Exchange Transactions against Statement of Financial Performance - Employee related costs - Contributions for uif, pensions and medical aids (Creditor raised twice in 2013/14)	33.08 -	-34 940
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Employee related costs - Contributions for UIF, Pensions and Medical Aids (Correction of creditor to be raised for 30 June 2014 eft 15005446, 15005447, 15005449 and 15005450)	33.08 -	34 940
	Travelling Allowances	2 064 864	2 035 628
	Acting Allowance	560 261	106 946
	Balance previously reported	-	91 945
	Correction of Employee related costs - Salaries and Wages to Acting Allowance (Reclassification of vote 0201/3031/0000)	33.08 -	15 001
	Cellphone Allowance	102 100	104 400
	Balance previously reported	-	51 400
	Correction of Employee related costs - Cellphone Allowance from Housing Benefits and Allowances (Reclassification of votes 0001/3039/0000, 0101/3039/0000 & 0521/3039/0000)	33.08 -	53 000
	Standby Allowance	973 664	692 226
	Housing Benefits and Allowances	235 598	274 439
	Balance previously reported	-	327 439
	Correction of Employee related costs - Cellphone Allowance from Housing Benefits and Allowances (Reclassification of votes 0001/3039/0000, 0101/3039/0000 & 0521/3039/0000)	33.08 -	-53 000
	Overtime	3 755 082	2 710 749
	Workmens Compensation	-	-
	Bonuses	1 792 380	1 636 295
	Provision for staff leave	427 024	825 248
	Contribution to provision - Long Service Awards	3 134 866	130 320
	Contribution to provision - Post Retirement Medical	3 399 706	379 318
	Total Employee Related Costs	42 340 135	38 715 385

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015	2014		
		R	R		
26	EMPLOYEE RELATED COSTS				
	KEY MANAGEMENT PERSONNEL				
	There are no post-employment or termination benefits payable to them at the end of the contract period.				
	REMUNERATION OF KEY MANAGEMENT PERSONNEL				
	Remuneration of the Municipal Manager (HF Nel)				
	Annual Remuneration	657 788	543 042		
	Subsistence Allowances	19 002	19 002		
	Travelling Allowance	202 416	198 076		
	Contributions to UIF, Medical and Pension Funds	220 955	273 169		
	Public Allowance	19 002	19 002		
	Transport Logsheets	162 294	172 119		
	Total	1 281 459	1 224 412		
	Remuneration of the Chief Financial Officer (CJB Müller)				
	Annual Remuneration	1 067 592	971 159		
	Travelling Allowance	60 000	60 000		
	Contributions to UIF, Medical and Pension Funds	116 739	107 319		
	Cellphone Allowance	9 600	9 600		
	Backpay	-	-		
	Transport Logsheets	14 335	29 308		
	Total	1 268 266	1 177 385		
	Remuneration of the Director Infrastructure Services (XS Geco)				
	Annual Remuneration	558 277	518 603		
	Housing	36 464	36 152		
	Travelling Allowance	84 000	84 000		
	Contributions to UIF, Medical and Pension Funds	178 752	155 061		
	Cellphone Allowance	9 600	9 600		
	Transport Logsheets	98 387	137 645		
	Total	965 480	941 061		
27	REMUNERATION OF COUNCILLORS				
	Executive Mayor: Allowances	506 953	476 731		
	Cell phone Allowance	24 468	24 836		
	Backpay	28 562	20 813		
	Travelling	380 109	319 721		
	Councillors: Allowances	1 693 223	1 624 748		
	Cell phone Allowance	244 680	188 200		
	Backpay	95 391	175 345		
	Travelling	652 871	557 617		
	Total Councillors' Remuneration	3 626 257	3 388 009		
		Allowances	Cell phone Allowance	Backpay	Travelling
	Year ended 30 JUNE 2015				
	Councillors	1 693 223	244 680	95 391	652 871
	JH George	152 086	24 468	8 568	74 661
	MP Selebogo	195 177	24 468	10 996	66 072
	SJ Mosetle	152 086	24 468	8 568	57 176
	P McKlein	195 177	24 468	10 996	80 376
	D Koopman	152 086	24 468	8 568	46 685
	A Oliphant	195 177	24 468	10 996	116 340
	L van Niekerk	152 086	24 468	8 568	41 175
	M Eland	152 086	24 468	8 568	41 175
	R Booysen	195 177	24 468	10 996	88 035
	W Adams	152 086	24 468	8 568	41 175
		Allowances	Cell phone Allowance	Backpay	Travelling
	Year ended 30 JUNE 2014				
	Councillors	1 624 748	188 200	175 345	557 617
	JH George	143 019	18 820	11 693	67 237
	MP Selebogo	191 658	18 820	13 405	57 959
	SJ Mosetle	143 019	18 820	11 693	47 296
	P McKlein	191 658	18 820	13 405	69 549
	D Koopman	177 272	18 820	60 478	47 012
	A Oliphant	191 658	18 820	13 405	96 381
	L van Niekerk	143 019	18 820	11 693	41 341
	M Eland	143 019	18 820	11 693	41 341
	R Booysen	157 405	18 820	16 188	48 160
	W Adams	143 019	18 820	11 693	41 341

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
28	DEBT IMPAIRMENT / (REVERSAL)		
	Trade Receivables from exchange transactions	17 27 724 173	(13 644 212)
	Trade Receivables from non-exchange transactions	18 4 040 107	597 251
	Less: VAT Debt Impairment Provision	10 (3 339 708)	1 749 887
	Total Contribution to Impairment Provisor	25 28 424 573	(11 297 074)
29	FINANCE CHARGES		
	Long-term Liabilities	5 367 118	432 332
	Overdraft Facilities	-	-
	Actuarial Interest	1 182 683	983 882
	Landfill Sites	305 021	257 430
	Total finance charges	6 854 822	1 673 644
30	BULK PURCHASES		
	Electricity	32 915 545	28 123 720
	Water	380 300	576 253
	Purchases	485 335	597 224
	Less Stock Adjustments	(105 035)	(20 971)
	Stock adjustments	105 035	20 971
	Total Bulk Purchases	33 400 880	28 720 944
31	OPERATING GRANT EXPENDITURE		
	Operating grant expenditure per vote		
	Corporate Services	-	68 676
	Budget & Treasury	820 247	506 090
	Community & Social Services	21 712	32 017
	Road Transport	1 080 706	1 939 471
	Total Operating grant expenditure	1 922 665	2 546 254
32	GENERAL EXPENSES	2015 R	2014 R
	Advertisements	174 080	147 905
	Audit fees	1 853 137	2 225 933
	Bank charges	299 095	298 594
	Chemicals	342 320	259 749
	Cleaning costs	-	-
	Commission paid	67 259	-
	Delegation fees	598 150	395 306
	Entertainment: public	65 539	191 151
	Environmental health	212 022	209 645
	Insurance cost	614 555	582 279
	Legal expenses	391 267	666 729
	Membership fees: municipal	500 000	450 000
	Other expenditure	1 695 732	1 216 109
	Printing & stationary	1 020 331	914 812
	Professional and consultant	5 573 309	6 327 764
	Purchase of refuse bags	654	634
	Telephone expenses	964 560	810 618
	Training	1 143 491	968 459
	Balance previously reported	-	980 459
	Correction of Payables from Exchange Transactions against Statement of Financial Performance - General Expenses - Training and VAT Receivable from exchange transactions (Correction of supplier S007 item 166956 to be removed)	33.08 -	-12 000
	Valuation fees	630 832	-
	Security	3 015 115	-
	Skills development Levy	1 035 312	313 599
	Subsistence and travel	719 097	1 217 610
	Vehicles: fuel	901 674	1 624 080
	Workmens Compensation	-	-
	General Expenses	21 817 531	18 820 976

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2014 R
33	CORRECTION OF ERROR IN TERMS OF GRAP 3	
33.01	Trade Receivables from exchange transactions	
	Disclosure as required by GRAP 1.	
	Balance previously reported	32 182 535
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Other Revenue - Cemetery Fees (Correction of allocation of receipt Csh 4 05-06-2014 - 120035544)	33.08 -454
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from Exchange Transactions - Momentum Salaries (Correction of allocation of receipt Csh 5 17-10-2013 - 120031494)	33.06 -730
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from Exchange Transactions - Trade Payables (Correction of creditor to be raised for 30 June 2014 eft 15005446, 15005447, 15005449 and 15005450)	33.06 15 006
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Employee related costs - Contributions for UIF, Pensions and Medical Aids (Correction of creditor to be raised for 30 June 2014 eft 15005446, 15005447, 15005449 and 15005450)	33.08 -34 940
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Accumulated Surplus (Correction of efts 15002847, 15002658, 15002459, 11022020, 11021137 & 11021853 - 30% allocated to incorrect vote 2012/13)	33.07 -6 605
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from exchange Transactions - Sundry Payables (Correction of allocation of cheque 11020739 allocated to incorrect vote 2012/13)	33.06 1 700
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from exchange transactions - Sundry Payables (Correction of allocation of cheque 11021852, 15003061, 11021118 & 11022026 allocated to incorrect vote 2012/13)	33.06 1 248
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Accumulated Surplus (Correction of opening balance of 2012/13 vote 9501/9501/9512)	33.07 7 128
	Correction of Payables from Exchange Transactions - Trade payables against Trade Receivables from exchange transactions - Other Debtors (Reclassification of vote 7330/7336/7301 in 2013.)	33.06 11 195
	Total	32 176 084
33.02	Operating Lease Asset	
	Disclosure as required by GRAP 1.	
	Balance previously reported	149 410
	Correction of Operating Lease Assets against Statement of Financial Performance - Rentals of Facilities and Equipment (Correction of recognition of operating lease assets in 2013/14)	33.08 6 906
	Total	156 316
33.03	VAT payable from exchange transactions	
	Disclosure as required by GRAP 1.	
	Balance previously reported	(9 149 954)
	Correction of Payables from Exchange Transactions against VAT payable from exchange transactions - VAT receivable (Correction of JNLE025 posted in 2012/2013 incorrectly)	33.06 -2 939
	Correction of Payables from Exchange Transactions against VAT payable from exchange transactions - VAT receivable (Correction of JNLE087 posted in 2011/2012 incorrectly)	33.06 192 003
	Correction of Payables from Exchange Transactions against Statement of Financial Performance - General Expenses - Training and VAT Receivable from exchange transactions (Correction of supplier S007 item 166956 to be removed)	33.06 1 680
	Total	(8 959 211)
33.04	Cash and Cash Equivalents	
	Disclosure as required by GRAP 1.	
	Balance previously reported	9 458 271
	Correction of Cash and cash equivalents against Statement of financial performance - Rental of facilities and equipment (Reversal of Stale cheques 11022422 cancelled as stale)	33.08 900
	Correction of Cash and cash equivalents against Statement of financial performance - Employee related costs - Salaries and wages (Reversal of Stale cheques 11022455 cancelled as stale)	33.08 2 100
	Correction of Cash and cash equivalents against Statement of financial performance - Repairs and Maintenance (Reversal of Stale eft 15005486 cancelled as stale)	33.08 251
	Total	9 461 522

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

2014
R

33.05	Inventory		
	Disclosure as required by GRAP 1.		
	Balance previously reported		500 127
	Correction of Inventory - Maintenance Material against Statement of Financial Performance - Repairs and Maintenance (Correction of Inventory booking 2013/14)	33.08	5 927
	Total		506 054
33.06	Payables from exchange transactions		
	Disclosure as required by GRAP 1.		
	Balance previously reported		18 326 770
	Correction of Payables from Exchange Transactions against Statement of Financial Performance - Employee related costs - Contributions for uif, pensions and medical aids (Creditor raised twice in 2013/14)	33.08	-34 940
	Correction of Payables from Exchange Transactions against Accumulated Surplus (Incorrect allocation of receipt in 2011/12 - Csh 25 16/02/2012)	33.07	-2 070
	Correction of Payables from Exchange Transactions against VAT payable from exchange transactions - VAT receivable (Correction of JNLE025 posted in 2012/2013 incorrectly)	33.03	2 939
	Correction of Payables from Exchange Transactions against Accumulated Surplus (Correction of creditors created in 2011/12 and cleared in 2012/13)	33.07	-252 353
	Correction of Payables from Exchange Transactions against Trade Receivables from exchange transactions - Other debtors (Correction of creditors created in 2011/12 and cleared in 2012/13)	33.06	-600
	Correction of Payables from Exchange Transactions - Trade Payables against Payables from Exchange Transactions - Sundry Payables (Correction of creditors created in 2011/12 and cleared in 2012/13)	33.06	600
	Correction of Payables from Exchange Transactions against VAT payable from exchange transactions - VAT receivable (Correction of JNLE087 posted in 2011/2012 incorrectly)	33.03	-192 003
	Correction of Payables from Exchange Transactions against Accumulated Surplus (Correction of creditors created in 2011/12 as already captured on system)	33.07	-667 104
	Correction of Payables from Exchange Transactions against Statement of Financial Performance - General Expenses - Training and VAT Receivable from exchange transactions (Correction of supplier S007 item 166956 to be removed)	33.03	-13 680
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from Exchange Transactions - Momentum Salaries (Correction of allocation of receipt Csh 5 17-10-2013 - 120031494)	33.01	-730
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from Exchange Transactions - Trade Payables (Correction of creditor to be raised for 30 June 2014 eft 15005446, 15005447, 15005449 and 15005450)	33.01	15 006
	Correction of Payables from Exchange Transactions against Accumulated Surplus (Correction of rental income to be reversed which was captured as income received in advance in 2012 to be corrected in 2013.)	33.07	-12 240
	Correction of Payables from Exchange Transactions - Trade payables against Trade Receivables from exchange transactions - Other Debtors (Reclassification of vote 7330/7336/7301 in 2013.)	33.01	11 195
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from exchange Transactions - Sundry Payables (Correction of allocation of cheque 11020739 allocated to incorrect vote 2012/13)	33.01	1 700
	Correction of Payables from exchange Transactions - Sundry Payables against Accumulated Surplus (Correction of allocation of cheque 11020739 allocated to incorrect vote 2012/13)	33.07	3 968
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Payables from exchange transactions - Sundry Payables (Correction of allocation of cheque 11021852, 15003061, 11021118 & 11022026 allocated to incorrect vote 2012/13)	33.01	1 248
	Total		17 187 707

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

**2014
R**

33.07 Accumulated Surplus/(Deficit)

Balance previously reported		257 258 965
Correction of Payables from Exchange Transactions against Accumulated Surplus (Incorrect allocation of receipt in 2011/12 - Csh 25 16/02/2012)	33.06	2 070
Correction of Payables from Exchange Transactions against Accumulated Surplus (Correction of creditors created in 2011/12 and cleared in 2012/13)	33.06	252 353
Correction of Payables from Exchange Transactions against Accumulated Surplus (Correction of creditors created in 2011/12 as already captured on system)	33.06	667 104
Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Accumulated Surplus (Correction of efts 15002847, 15002658, 15002459, 11022020, 11021137 & 11021853 - 30% allocated to incorrect vote 2012/13)	33.01	-6 605
Correction of Payables from exchange Transactions - Sundry Payables against Accumulated Surplus (Correction of allocation of cheque 11020739 allocated to incorrect vote 2012/13)	33.06	-3 968
Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Accumulated Surplus (Correction of opening balance of 2012/13 vote 9501/9501/9512)	33.01	7 128
Correction of Payables from Exchange Transactions against Accumulated Surplus (Correction of rental income to be reversed which was captured as income received in advance in 2012 to be corrected in 2013.)	33.06	12 240
Total		257 513 388

33.08 Changes to Statement of Financial Performance

Balance previously reported		24 841 417
Correction of Payables from Exchange Transactions against Statement of Financial Performance - Employee related costs - Contributions for uif, pensions and medical aids (Creditor raised twice in 2013/14)	33.06	34 940
Correction of Payables from Exchange Transactions against Statement of Financial Performance - General Expenses - Training and VAT Receivable from exchange transactions (Correction of supplier S007 item 166956 to be removed)	33.06	12 000
Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Other Revenue - Cemetary Fees(Correction of allocation of receipt Csh 4 05-06-2014 - 120035544)	33.01	-454
Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Employee related costs - Contributions for UIF, Pensions and Medical Aids (Correction of creditor to be raised for 30 June 2014 eft 15005446, 15005447,	33.01	-34 940
Correction of Cash and cash equivalents against Statement of financial performance - Rental of facilities and equipment (Reversal of Stale cheques 11022422 cancelled as stale)	33.04	900
Correction of Cash and cash equivalents against Statement of financial performance - Employee related costs - Salaries and wages (Reversal of Stale cheques 11022455 cancelled as stale)	33.04	2 100
Correction of Cash and cash equivalents against Statement of financial performance - Repairs and Maintenance (Reversal of Stale eft 15005486 cancelled as stale)	33.04	251
Correction of Operating Lease Assets against Statement of Financial Performance - Rentals of Facilities and Equipment (Correction of recognition of operating lease assets in 2013/14)	33.02	6 906
Correction of Employee related costs - Cellphone Allowance from Housing Benefits and Allowances (Reclassification of votes 0001/3039/0000, 0101/3039/0000 & 0521/3039/0000)	33.08	53 000
Correction of Employee related costs - Cellphone Allowance from Housing Benefits and Allowances (Reclassification of votes 0001/3039/0000, 0101/3039/0000 & 0521/3039/0000)	33.08	-53 000
Correction of Employee related costs - Salaries and Wages to Acting Allowance (Reclassification of vote 0201/3031/0000)	33.08	15 001
Correction of Employee related costs - Salaries and Wages to Acting Allowance (Reclassification of vote 0201/3031/0000)	33.08	-15 001
Correction of Inventory - Maintenance Material against Statement of Financial Performance - Repairs and Maintenance (Correction of Inventory booking 2013/14)	33.05	5 927
Total		24 869 047

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015	2014
		R	R
34	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
	Surplus/(Deficit) for the year	(10 459 361)	24 869 047
	Adjustments for:		
	Depreciation	11 833 474	8 923 369
	Amortisation of Intangible Assets	114 434	91 678
	Contributed PPE	-	-
	Impairments	-	-
	(Gain)/ loss on disposal of Property Plant and Equipment	1 117 714	(136 819)
	(Gain)/ loss on disposal of Biological Assets	-	77 193
	(Gain)/ loss from landfill cost reversal	(640 427)	-
	Contribution from/to employee benefits - benefits paid	(732 302)	(615 204)
	Contribution from/to employee benefits - non-current - expenditure incurred	1 717 255	1 493 520
	Contribution from/to employee benefits - non-current - actuarial gains	2 012 816	860 557
	Contribution to employee benefits – current	2 219 404	877 479
	Contribution to employee benefits – current - expenditure incurred	(1 983 782)	(154 277)
	Contribution to provisions – current	305 021	257 430
	Contribution to provisions – current - expenditure incurred	-	-
	Contribution to provisions – Debt Impairment	31 764 284	(12 498 979)
	Debt impairment written off	(136 536)	(1 337 054)
	Fair Value Adjustments	(79 685)	(65 075)
	Unamortised discount - Interest - Expenditure	-	-
	Operating lease income accrued	(2 778)	(18 313)
	Operating Surplus/(Deficit) before changes in working capital	37 049 531	22 624 552
	Changes in working capital	(4 969 802)	3 693 372
	Increase/(Decrease) in Payables From Exchange Transactions	25 306 942	6 911 067
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(16 195 744)	6 986 978
	Increase/(Decrease) in Taxes	1 107 209	(1 500 663)
	(Increase)/Decrease in Inventory	33 504	(85 707)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	-
	(Increase)/Decrease in Trade Receivables from exchange transactions	(10 759 922)	(8 404 369)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(4 461 790)	(213 933)
	Cash generated/(absorbed) by operations	32 079 729	26 317 924
		2015	2014
		R	R
35	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits	21 389 618	8 505 547
	Cash Floats	21 800	700
	Bank	21 1 777 513	955 274
	Total cash and cash equivalents	2 167 931	9 461 521
36	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents	35 2 167 931	9 461 521
	Less:	2 167 931	9 461 521
		910 217	17 105 961
	Unspent Committed Conditional Grants	9 910 217	17 105 961
	Resources available for working capital requirements	1 257 714	(7 644 440)
37	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities	2 6 090 915	7 023 086
	Used to finance property, plant and equipment - at cost	-6 090 915	-7 023 086
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-

Annuity loans at amortised cost is calculated at 10%-16.05% interest rate, with maturity date of 1 September 2017. The loan from DBSA was repaid during the financial year.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

38	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2015	2014
		R	R
38.1	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	90 797 805	85 548 427
	Unauthorised expenditure current year - capita	20 642 626	3 124 952
	Unauthorised expenditure current year - operating	29 663 633	2 124 426
	Approved by Council or condoned	-	-
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	141 104 064	90 797 805

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

	2015	2015	2015	2015
	R	R	R	R
	(Actual)	(Budget)	(Variance)	(Unauthorised)
<u>Unauthorised expenditure current year - operating</u>				
Executive & Council	5 069 772	8 153 390	(3 083 618)	-
Budget & Treasury	32 620 795	31 887 066	733 729	733 729
Corporate Services	45 191 750	18 869 980	26 321 770	26 321 770
Health	254 757	512 961	(258 204)	-
Community & Social Services	2 454 958	3 169 753	(714 795)	-
Public Safety	2 447 996	610 541	1 837 455	1 837 455
Sport & Recreation	1 395 023	2 057 632	(662 609)	-
Waste Management	6 534 712	12 418 469	(5 883 757)	-
Waste Water Management	6 170 537	9 917 542	(3 747 005)	-
Road Transport	10 889 058	15 785 945	(4 896 887)	-
Water	4 747 032	9 287 299	(4 540 267)	-
Electricity	38 243 153	37 472 474	770 679	770 679
	156 019 543	150 143 053	5 876 490	29 663 633
<u>Unauthorised expenditure current year - capita</u>				
	2015	2015	2015	2015
	R	R	R	R
	(Actual)	(Budget)	(Variance)	(Unauthorised)
Executive & Council	-	50 000	(50 000)	-
Budget & Treasury	323 419	130 000	193 419	193 419
Corporate Services	4 444 888	130 000	4 314 888	4 314 888
Health	-	-	-	-
Community & Social Services	-	400 000	(400 000)	-
Public Safety	22 662	250 000	(227 338)	-
Waste Management	-	-	-	-
Waste Water Management	6 777 239	6 300 000	477 239	477 239
Road Transport	14 819 933	8 023 000	6 796 933	6 796 933
Water	5 352 130	15 000 000	(9 647 870)	-
Electricity	10 360 147	1 500 000	8 860 147	8 860 147
	42 100 418	31 783 000	10 317 418	20 642 626

38.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:		
Opening balance	819 007	594 704
Fruitless and wasteful expenditure current year	4 388 260	224 303
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	5 207 267	819 007

Incident	Disciplinary steps/criminal proceedings
2012 - Interest on different vendors - R65 155	None
2012 - Interest and unsupported payments - ESKOM - R22 776	None
2012 - Penalties for late submission of assessments - Office of the Compensation Commissioner - R33 025	None
2013 - Penalties for late submission of EMP201 assessments R121 885	None
2013 - Interest for the late submission of EMP201 assessments R6 775	None
2013 - Interest for the late payment on Auditor General's account R165 600	None
2014 - Penalties for late submission of EMP201 assessments R41 791	None
2014 - Interest for the late submission of EMP201 assessments R299	None
2014 - Interest for the late payment on Auditor General's account R182 213	None
2015 - Interest for the late payment on Auditor General's account R168 531	None
2015 - Interest for the late payment on Eskom's account R3 888 033	None
2015 - Interest for the late payment on various different vendors' accounts R12 374	None

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

38	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2015 R	2014 R												
	<u>Fruitless and wasteful expenditure (continued)</u>														
	2015 - Interest and Penalty's paid to SARS on VAT201 returns amounting to R76 958.22		None												
	2015 - Interest and Penalty's paid to SARS on EMP201 returns amounting to R173 679.14		None												
38.3	<u>Irregular expenditure</u>														
	Reconciliation of irregular expenditure:														
	Opening balance	20 648 292	8 509 893												
	Irregular expenditure current year	-	12 138 399												
	Condoned or written off by Council	-	-												
	Transfer to receivables for recovery - not condoned	-	-												
	Irregular expenditure awaiting condonemen:	20 648 292	20 648 292												
	<table><tr><th>Incident</th><th>Disciplinary steps/criminal proceedings</th></tr><tr><td>2012 - List of Irregular expenditure. - R1 672 355</td><td>None</td></tr><tr><td>2012 - Related party transactions - R1 915 098.47</td><td>None</td></tr><tr><td>2012 - Micro Mega - Invalid contract extension - R347 622.12</td><td>None</td></tr><tr><td>2012 - No contract is in place with HV Electrical - R254 109.72</td><td>None</td></tr><tr><td>2014 - List of Irregular expenditure - R12 138 399</td><td>None</td></tr></table>	Incident	Disciplinary steps/criminal proceedings	2012 - List of Irregular expenditure. - R1 672 355	None	2012 - Related party transactions - R1 915 098.47	None	2012 - Micro Mega - Invalid contract extension - R347 622.12	None	2012 - No contract is in place with HV Electrical - R254 109.72	None	2014 - List of Irregular expenditure - R12 138 399	None		
Incident	Disciplinary steps/criminal proceedings														
2012 - List of Irregular expenditure. - R1 672 355	None														
2012 - Related party transactions - R1 915 098.47	None														
2012 - Micro Mega - Invalid contract extension - R347 622.12	None														
2012 - No contract is in place with HV Electrical - R254 109.72	None														
2014 - List of Irregular expenditure - R12 138 399	None														
38.4	<u>Material Losses</u>														
	Electricity distribution losses														
	Units purchased (Kwh)	28 951 041	30 912 134												
	- Units lost during distribution (Kwh)	6 071 581	7 942 822												
	- Percentage lost during distribution	20.97%	25.69%												
	Water distribution losses														
	- Mega litres purified	1 633 784	1 879 629												
	- Mega litres lost during distribution	353 580	66 001												
	- Percentage lost during distribution	21.64%	3.51%												
39	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2015 R	2014 R												
39.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTION:</u>														
	Opening balance	-	-												
	Council subscriptions	500 000	450 000												
	Amount paid - current year	(500 000)	(450 000)												
	Amount paid - previous years	-	-												
	Balance unpaid (included in creditors)	-	-												
39.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>														
	Opening balance	2 012 512	2 375 506												
	Current year audit fee	1 900 362	2 693 645												
	Amount paid - current year	-	(3 056 639)												
	Amount paid - previous year	(1 135 315)	-												
	Balance unpaid (included in creditors)	2 777 559	2 012 512												
39.3	<u>VAT - [MFMA 125 (1)(b)]</u>														
	VAT	7 852 002	8 959 211												
	VAT is payable/receivable on the cash basis.														

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)		2015	2014
		R	R
39.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	459 944	-
	Current year payroll deductions and Council Contributions	6 260 772	5 404 031
	Amount paid - current year	-6 720 716	-4 944 087
	Balance unpaid (included in creditors)	-	459 944
39.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	7 523 447	6 846 502
	Amount paid - current year	-7 523 447	-6 846 502
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	-
39.6	<u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u>		
	The following Councillors had arrear accounts for more than 90 days as at 30 June 2015:		
		2015	2014
		R	R
		Outstanding	Outstanding
		more than 90	more than 90
		days	days
	D. Koopman	-	397
	A. Olifant	22 113	19 328
	L. van Niekerk	14 858	3 436
	Total Councillor Arrear Consumer Accounts	36 970	109 975
39.7	<u>Non-Compliance with MFMA</u>		
	* Section 65(2)(e) of the MFMA: Creditors were not paid within the 30 day limit.		
39.8	<u>Deviations - Supply Chain Management</u>		
	Deviations from the Supply Chain Management Regulations were identified on the following categories:		
	Deviations per financial category		
	- Between R 0 and R 2 000	-	-
	- Between R 2 000 and R 10 000	486 172	11 738
	- Between R 10 000 and R 30 000	599 395	48 596
	- Between R 30 000 and R 500 000	5 787 152	37 921
		6 872 719	98 255
	Deviations between R30 000 and R500 000		
	5.6 Training - Deviation from SCM		37 921
	Protea Coin - (Security services Transfer of money) - Deviation from SCM	478 244	
	Sectional Poles - Sole Provider Highmask lighting Griquatown - Deviation from SCM	77 594	
	Olefile Security - Month to Month contract - Deviation from SCM	1 741 834	
	Amaruri Security - Month to Month contract - Deviation from SCM	1 228 732	
	Munex Consulting - Assist with audit Plan - Deviation from SCM	325 540	
	Dolphin Pumps - Emergency - Deviation from SCM	33 613	
	Marvin Marketing - Sole supplier - Deviation from SCM	353 685	
	Momar Sales - Sole supplier - Deviation from SCM	88 215	
	Coen Fraenkel - Subdivision of Erf 341 Douglas - Deviation from SCM	54 413	
	Media 24 Limited - Must advertise in different newspapers - Deviation from SCM	76 447	
	Sebata - Sole supplier - Deviation from SCM	531 074	
	AB Elektries - Emergency - Campbell pump broken - Deviation from SCM	30 601	
	WJ van Bergen - Emergency - Transformer - Deviation from SCM	64 182	
	Actom - Emergency - Transformer - Deviation from SCM	55 290	
	Wits Business School - Sole provider - Deviation from SCM	91 000	
	Oranje Toyota Kimberley - Emergency Sanitation Truck - Deviation from SCM	48 873	
	Electro Vroomen - Deviations from SCM	58 895	
	Gariep Motors - Emergency - Health Hazard - Deviation from SCM	33 449	
	Micro Mega - Purchase of Cellphones - Meter man - Deviation from SCM	44 372	
	Douglas Engineering BK - Emergency repairs - Deviation from SCM	33 070	
	University of Fort Hare - Training - Deviation from SCM	100 000	
	Fedility Cash Solution - Deviation from SCM	192 718	
	Transforman - Insufficient Quotes - Deviation from SCM	45 312	

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	R	R
40 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
Approved and contracted for:	39 582 697	33 374 037
Infrastructure	39 582 697	33 374 037
Total	39 582 697	33 374 037
This expenditure will be financed from:		
Government Grants	39 582 697	33 374 037
	39 582 697	33 374 037

41 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2015	2014
	R	R
0.5% (2014 - 0.5%) Increase in interest rates	(19 619)	12 189
0.5% (2014 - 0.5%) Decrease in interest rates	19 619	(12 189)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 17 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 17 for balances included in receivables that were re-negotiated for the period under review.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

41

FINANCIAL RISK MANAGEMENT (CONTINUE)

			2015 R	2014 R
Balances past due not impaired:				
	2015 %	2015 R	2014 %	2014 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	78 848	100.00%	618 615
<u>Exchange Receivables</u>				
Electricity	16%	1 963 064	8%	2 460 779
Water	39%	4 918 231	56%	17 330 059
Refuse	18%	2 268 895	13%	4 016 201
Sewerage	22%	2 755 083	19%	5 969 029
Other	5%	684 018	3%	944 817
	100.00%	12 589 292	100.00%	30 720 886

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 17 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2015 %	2015 R	2014 %	2014 R
Electricity	3.13%	2 254 197	5.19%	2 101 108
Water	46.67%	33 643 007	39.80%	16 102 617
Refuse	14.48%	10 437 705	16.69%	6 751 688
Sewerage	19.09%	13 761 478	20.89%	8 452 354
Other Consumer Arrears	2.36%	1 703 425	3.30%	1 333 238
Rates	8.65%	6 232 710	14.10%	5 703 880
Fines	5.62%	4 049 451	0.02%	9 344
	100.00%	72 081 973	100.00%	40 454 228

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows

Long term receivables	-	-
Trade receivables and other receivables	16 506 265	32 912 296
Cash and Cash Equivalents	2 167 931	9 461 521
Unpaid conditional grants and subsidies	-	-
	18 674 196	42 373 817

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

41

FINANCIAL RISK MANAGEMENT (CONTINUE)

2015
R

2014
R

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2015				
Long Term liabilities	3 299 775	8 981 800	-	-
Capital repayments	1 263 840	4 827 075	-	-
Interest	2 035 936	4 154 725	-	-
Payables From Exchange Transactions	42 494 649	-	-	-
Provisions	5 558 276	-	1 627 089	4 669 578
Capital repayments	5 558 276	-	1 196 957	2 400 989
Interest	-	-	430 132	2 268 588
Unspent conditional government grants and receipts	910 217	-	-	-
	<u>52 262 918</u>	<u>8 981 800</u>	<u>1 627 089</u>	<u>4 669 578</u>
2014				
Long Term liabilities	2 885 723	5 237 091	-	-
Capital repayments	2 319 440	4 703 646	-	-
Interest	566 283	533 445	-	-
Payables From Exchange Transactions	18 326 770	-	-	-
Provisions	1 373 473	-	2 009 734	9 874 349
Capital repayments	1 373 473	-	1 233 802	3 214 805
Interest	-	-	775 932	6 659 544
Unspent conditional government grants and receipts	17 105 961	-	-	-
	<u>39 691 927</u>	<u>5 237 091</u>	<u>2 009 734</u>	<u>9 874 349</u>

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
42	FINANCIAL INSTRUMENTS		
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
42.1	Financial Assets		
	Classification IAS 39		
	Long-term Receivables		
	Trade and other receivables with arrangements	-	-
	Consumer Debtors		
	Trade receivables from exchange transactions	74 338 163	64 134 883
	Other receivables from exchange transactions	3 338 848	2 782 206
	Other receivables from non-exchange transactions	10 911 227	6 449 437
	Other Debtors		
	Government Subsidies and Grants	-	-
	Current Portion of Long-term Receivables		
	Trade and other receivables with arrangements	-	-
	Short-term Investment Deposits		
	Call Deposits	389 618	8 505 547
	Bank Balances and Cash		
	Bank Balances	1 777 513	955 274
	Cash Floats and Advances	800	700
		79 844 942	76 378 610
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost	79 844 942	76 378 610
42.2	Financial Liability		
	Classification IAS 39		
	Long-term Liabilities		
	Annuity Loans	680 539	1 572 574
	Capitalised Lease Liability	4 146 536	3 120 500
	Trade Payables		
	Trade creditors	42 169 711	16 042 186
	Sundry creditors	2 100 674	704 201
	Deposits	-	-
	Unspent Conditional Grants and Receipts		
	Other Spheres of Government	910 217	17 105 961
	Current Portion of Long-term Liabilities		
	Annuity Loans	839 982	894 914
	Capitalised Lease Liability	423 858	1 435 097
	Bank Balances and Cash		
	Bank Balances	-	-
		51 271 517	40 875 434
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	51 271 517	40 875 434

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

			2015 R	2014 R
43	EVENTS AFTER THE REPORTING DATE			
	Fraud investigation in terms of fictitious wage timesheets made by the Human Resources clerk.			
	The council has approved the write off of trade debtors upon verification of each individual account to the sum of R30 877 216.69.			
44	IN-KIND DONATIONS AND ASSISTANCE			
	The municipality received funding from various parties for the Mayoral Tournament to the value of R96 500.			
45	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			
46	CONTINGENT LIABILITY			
	Siyancuma Municipality can be held liable for dismissal of a personnel member.		-	-
	Phumelela Africa Professional Engineers			524 869
	IR Consulting Engineers			323 788
	Siyancuma Municipality has a possible liability with regards to the landfill site licence which is outstanding, the amount of the liability is unknown.			
	Siyancuma Municipality has a possible liability with regards to the sewerage flowing into the river at Schmitsdrift.			
	Siyancuma Municipality has a possible liability with regards to the electricity account which was paid by Mr R Basson with regards to the pumping of drinking water for the community at Witput station.			
47	RELATED PARTIES			
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.			
47.1	Related Party Transactions			
		Rates - Levied 1 July 2014 - 30 June 2015	Service Charges - Levied 1 July 2014 - 30 June 2015	Other - Levied 1 July 2014 - 30 June 2015
	Year ended 30 June 2015			Outstanding Balances 30 June 2015
	Councillors	8 870	15 250	2 785
	D. Koopman 100986/102213	2 304	6 110	-
	A. Oliphant 3C0500/300500	-	-	2 785
	A. Oliphant 3C0139/300139	-	2 130	-
	L van Niekerk 100153/100756	6 566	7 010	-
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.			40 858
47.2	Related Party Loans			
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note to the Annual Financial Statements.			
47.3	Compensation of key management personee			
	The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.			
47.4	Other related party transactions			
	The following purchases were made during the year where Councillors or Management have an interest:			
	C.J.B. Müller, CFO, is a minor shareholder at GWK.			

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Opening Balance R	Additions R	Cost Work-in- progress	Disposals R	Closing Balance R	Opening Balance R	Accumulated Depreciation Depreciation Charge R	Impairment Charge R	Disposals R	Closing Balance R	Carrying Value R
30 June 2015											
Land and Buildings	45 145 259	16 091	-	-13 487	45 147 863	1 097 437	165 898	-	-	1 263 335	43 884 528
Land	28 533 439	-	-	-13 487	28 519 952	-	-	-	-	-	28 519 952
Buildings	16 517 808	16 091	94 012	-	16 627 911	1 097 437	165 898	-	-	1 263 335	15 364 576
Work-in-Progress	94 012	-	-94 012	-	-	-	-	-	-	-	-
Infrastructure	304 637 557	37 164 059	-	-4 477 630	337 323 986	123 010 946	5 678 394	-	-3 090 505	125 598 835	211 725 152
Road Network	58 382 765	-	-	-	58 382 765	34 952 612	1 521 410	-	-	36 474 023	21 908 742
Sanitation Network	64 941 963	4 853 321	3 678 642	-287 648	73 186 279	29 704 956	1 344 205	-	-169 002	30 880 159	42 306 120
Electricity Network	49 229 087	104 800	-	-137 874	49 196 014	17 587 923	1 048 510	-	-81 184	18 555 249	30 640 765
Water Network	83 856 435	116 522	-	-381 904	83 591 053	37 410 326	1 744 509	-	-199 503	38 955 331	44 635 722
Stormwater Network	5 003 520	-	-	-3 670 205	1 333 315	3 355 129	19 760	-	-2 640 815	734 073	599 242
Work-in-Progress	43 223 788	32 089 416	-3 678 642	-	71 634 562	-	-	-	-	-	71 634 562
Community Assets	23 520 517	-	-	-	23 520 517	888 307	127 639	-	-	1 015 946	22 504 570
Library	300 100	-	64 294	-	364 394	19 127	4 905	-	-	24 032	340 362
Cemetery	176 000	-	-	-	176 000	12 293	1 742	-	-	14 034	161 966
Commonage	5 374 000	-	-	-	5 374 000	-	-	-	-	-	5 374 000
Community Halls	1 259 123	-	-	-	1 259 123	86 728	12 712	-	-	99 440	1 159 683
Game Farm	8 171 000	-	-	-	8 171 000	-	-	-	-	-	8 171 000
Holiday Resort	6 940 000	-	-	-	6 940 000	484 725	68 673	-	-	553 398	6 386 602
Sport Facilities	1 236 000	-	-	-	1 236 000	285 435	39 607	-	-	325 042	910 958
Work-in-Progress	64 294	-	-64 294	-	-	-	-	-	-	-	-
Lease Assets	5 698 799	4 290 154	-	-5 698 799	4 290 154	1 826 520	1 091 615	-	-2 520 751	397 384	3 892 770
Office Equipment	5 698 799	4 290 154	-	-5 698 799	4 290 154	1 826 520	1 091 615	-	-2 520 751	397 384	3 892 770
Other Assets	11 205 181	630 114	-	-424 237	11 411 058	3 314 113	659 262	-	-217 213	3 756 162	7 654 897
Air Conditioner	530 946	29 538	-	-37 118	523 366	287 342	32 311	-	-25 165	294 488	228 878
Chairs	260 281	58 784	-	-	319 065	125 690	26 525	-	-	152 215	166 850
Electronic Equipment	629 530	32 303	-	-36 000	625 832	168 587	92 349	-	-12 456	248 480	377 353
Motor Vehicles	685 990	131 491	-	-	817 481	161 616	34 607	-	-	196 223	621 258
Furniture & Fittings	608 495	70 577	-	-500	678 572	296 120	45 726	-	-292	341 554	337 018
Office Equipment	13 298	-	-	-4 000	9 298	10 835	636	-	-3 734	7 737	1 561
Trailers	189 746	-	-	-	189 746	119 341	13 022	-	-	132 364	57 382
Tables and desks	193 487	12 649	-	-	206 136	95 363	12 460	-	-	107 824	98 312
Tractors	211 000	-	-	-	211 000	71 540	6 161	-	-	77 701	133 299
Trucks	6 154 042	-	-	-336 566	5 817 476	1 363 306	160 386	-	-173 997	1 349 695	4 467 781
Works Equipment	503 482	7 888	-	-	511 370	158 737	57 765	-	-	216 502	294 869
Computer hardware	1 224 885	286 884	-	-10 052	1 501 717	455 636	177 313	-	-1 567	631 381	870 336
	390 207 313	42 100 418	-	-10 614 153	421 693 578	130 137 323	7 722 808	-	-5 828 469	132 031 661	289 661 917

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Work-in-progress	Disposals	Closing Balance	Opening Balance	Depreciation Charge	Impairment Charge	Disposals	Closing Balance	R
	R	R		R	R	R	R	R	R	R	
30 June 2014											
Land and Buildings	45 131 943	16 316	-	-3 000	45 145 259	931 791	165 646	-	-	1 097 437	44 047 822
Land	28 536 439	-	-	-3 000	28 533 439	-	-	-	-	-	28 533 439
Buildings	16 517 808	-	-	-	16 517 808	931 791	165 646	-	-	1 097 437	15 420 371
Work-in-Progress	77 696	16 316	-	-	94 012	-	-	-	-	-	94 012
Infrastructure	283 708 039	20 929 519	-	-	304 637 557	116 726 344	6 284 602	-	-	123 010 946	181 626 611
Road Network	58 382 765	-	-	-	58 382 765	32 969 227	1 983 385	-	-	34 952 612	23 430 152
Sanitation Network	64 837 278	104 685	-	-	64 941 963	28 539 910	1 165 046	-	-	29 704 956	35 237 006
Electricity Network	49 216 904	12 183	-	-	49 229 087	16 625 720	962 203	-	-	17 587 923	31 641 164
Water Network	83 811 402	45 033	-	-	83 856 435	35 328 029	2 082 297	-	-	37 410 326	46 446 110
Stormwater Network	5 003 520	-	-	-	5 003 520	3 263 458	91 671	-	-	3 355 129	1 648 391
Work-in-Progress	22 456 170	20 767 618	-	-	43 223 788	-	-	-	-	-	43 223 788
Community Assets	23 456 223	64 294	-	-	23 520 517	761 980	126 327	-	-	888 307	22 632 210
Libraries	300 100	-	-	-	300 100	15 534	3 593	-	-	19 127	280 973
Cemetery	176 000	-	-	-	176 000	10 551	1 742	-	-	12 293	163 707
Commonage	5 374 000	-	-	-	5 374 000	-	-	-	-	-	5 374 000
Community Halls	1 259 123	-	-	-	1 259 123	74 015	12 712	-	-	86 728	1 172 395
Game Farm	8 171 000	-	-	-	8 171 000	-	-	-	-	-	8 171 000
Holiday Resort	6 940 000	-	-	-	6 940 000	416 051	68 673	-	-	484 725	6 455 275
Sport Facilities	1 236 000	-	-	-	1 236 000	245 828	39 607	-	-	285 435	950 565
Work-in-Progress	-	64 294	-	-	64 294	-	-	-	-	-	64 294
Lease Assets	5 133 093	1 006 606	-	-440 899	5 698 799	726 325	1 384 846	-	-284 651	1 826 520	3 872 279
Office Equipment	5 133 093	1 006 606	-	-440 899	5 698 799	726 325	1 384 846	-	-284 651	1 826 520	3 872 279
Other Assets	10 635 570	578 734	-	-9 123	11 205 181	2 448 758	760 149	-	-2 548	3 314 113	7 891 069
Air Conditioner	460 760	70 186	-	-	530 946	255 576	31 766	-	-	287 342	243 604
Chairs	213 028	47 253	-	-	260 281	105 128	20 561	-	-	125 690	134 592
Electronic Equipment	555 315	74 215	-	-	629 530	83 351	85 236	-	-	168 587	460 942
Motor vehicles	685 990	-	-	-	685 990	111 389	50 227	-	-	161 616	524 373
Furniture & Fittings	575 879	32 616	-	-	608 495	255 682	40 438	-	-	296 120	312 375
Office Equipment	13 298	-	-	-	13 298	10 077	758	-	-	10 835	2 463
Trailer	189 746	-	-	-	189 746	102 810	16 531	-	-	119 341	70 404
Tables and desks	193 487	-	-	-	193 487	83 042	12 321	-	-	95 363	98 123
Tractors	211 000	-	-	-	211 000	61 629	9 911	-	-	71 540	139 460
Trucks	6 145 739	8 303	-	-	6 154 042	942 423	313 128	-	-	1 363 306	4 790 736
Works Equipment	474 558	28 924	-	-	503 482	101 254	57 483	-	-	158 737	344 745
Computer hardware	916 771	317 237	-	-9 123	1 224 885	336 397	121 786	-	-2 548	455 636	769 250
	368 064 867	22 595 468	-	-453 022	390 207 313	121 595 198	8 721 570	-	-287 199	130 137 323	260 069 991

APPENDIX A - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2014	Correction of Error	Balance at 30 June 2014 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2015
ANNUITY LOANS									
DBSA - Loan 101 Lalf 15104 - 14	13.75%	11626	2015/06/30	104 376	-	104 376	-	(104 376)	-
NISSAN NP200 CDR 062 NC	10.50	Standard Bank	2016/11/01	59 662	-	59 662	-	(22 878)	36 785
NISSAN NP200 CDN 916 NC	10.50	Standard Bank	2016/10/01	57 757	-	57 757	-	(23 042)	34 715
NISSAN HARDBODY NP300 CDN 914	10.50	Standard Bank	2016/11/01	84 418	-	84 418	-	(84 418)	-
NISSAN HARDBODY NP300 CDP 880	10.50	Standard Bank	2016/11/01	84 250	-	84 250	-	(32 306)	51 944
HYUNDAI H100 CDP 690 NC	10.50	Standard Bank	2016/10/01	107 865	-	107 865	-	(43 032)	64 832
JOHN DEERE CFR 787 NC (017)	10.50	Standard Bank	2017/07/01	177 692	-	177 692	-	(51 492)	126 200
TATA TIPPER CFZ 066 NC (019)	10.50	Standard Bank	2017/09/01	447 340	-	447 340	-	(122 590)	324 750
NISSAN HARDBODY NP300 CDP 876	10.00	Standard Bank	2016/11/01	123 095	-	123 095	-	(47 201)	75 894
NISSAN TIIDA CDP 877 NC	10.50	Standard Bank	2016/11/01	97 386	-	97 386	-	(37 343)	60 043
QUANTUM CDP 884 NC	10.50	Standard Bank	2016/11/01	180 356	-	180 356	-	(69 158)	111 197
NISSAN HARDBODY CDZ032 NC	10.50	Standard Bank	2016/12/01	86 654	-	86 654	-	(31 975)	54 679
NISSAN HARDBODY CDT 116 NC	10.50	Standard Bank	2016/12/01	86 827	-	86 827	-	(32 039)	54 788
NISSAN HARDBODY CDT 114 NC	10.50	Standard Bank	2016/12/01	86 827	-	86 827	-	(32 039)	54 788
NISSAN HARDBODY CDP 879 NC	10.50	Standard Bank	2012/11/01	84 177	-	84 177	-	(32 278)	51 899
TOYOTA HILUX CDK 987 NC	10.50	Standard Bank	2016/09/02	87 501	-	87 501	-	(36 365)	51 136
TATA HONEY SUCKER CFZ 858 NC (0	10.00	Standard Bank	2017/08/01	511 305	-	511 305	-	(144 435)	366 870
Total Annuity Loans				2 467 488	-	2 467 488	-	(946 968)	1 520 520

APPENDIX A - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2014	Correction of Error	Balance at 30 June 2014 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2015
LEASE LIABILITY									
Nashua - GK500568-500586	11.00%	Nashua	2015/10/30	52 237	-	52 237	-	(52 237)	-
PABX - MP 2000 and DTPC 430	9.00%	Nashua	2016/07/30	64 748	-	64 748	-	(64 748)	-
CCTV camera P10400003	9.00%	Nashua	2015/03/31	31 634	-	31 634	-	(31 634)	-
MP 201 SPF	9.00%	Nashua	2016/11/30	-	-	-	-	-	-
PABX - PA 188918	9.00%	Nashua	2017/01/31	100 569	-	100 569	-	(100 569)	-
Various A	9.00%	Nashua	2015/12/31	-	-	-	-	-	-
Various B	9.00%	Nashua	2015/10/31	-	-	-	-	-	-
Various (R15200)	8.50%	Nashua	2017/11/30	614 713	-	614 713	-	(614 713)	-
Various (R46000)	8.50%	Nashua	2018/02/28	1 976 454	-	1 976 454	-	(1 976 454)	-
Clocking System	8.50%	Nashua	2017/10/30	164 290	-	164 290	-	(164 290)	-
CCTV System	8.50%	Nashua	2018/05/01	102 180	-	102 180	-	(102 180)	-
Various (R27000)	8.50%	Nashua	2015/08/31	408 806	-	408 806	-	(408 806)	-
Various (R15000)	9.00%	Nashua	2019/02/28	779 584	-	779 584	-	(779 584)	-
Cisco Router	9.00%	Nashua	2016/11/30	260 383	-	260 383	-	(260 383)	-
Various (R150100)	9 to 59%	Nashua	2019/12/31	-	-	-	4 267 195	(289 242)	3 977 953
Various (R2200)	48.00%	Nashua	2020/01/31	-	-	-	59 280	(3 576)	55 704
Various (R18918)	41.00%	Nashua	2020/03/31	-	-	-	564 300	(27 563)	536 737
							-		
Total Lease Liabilities				4 555 598	-	4 555 598	4 890 775	(4 875 979)	4 570 394
TOTAL EXTERNAL LOANS				7 023 086	-	7 023 086	4 890 775	(5 822 947)	6 090 915

APPENDIX B - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
MUNICIPAL VOTES CLASSIFICATION

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
138	-	138	Assesment Rates	-	-	-
38 521	(549 170)	(510 649)	Cemetary	29 820	(674 505)	(644 685)
-	(2 940)	(2 940)	Civic Centre	-	-	-
3 474 875	(2 570 749)	904 126	Cleansing	3 944 072	(6 534 712)	(2 590 640)
11 451 073	(12 111 451)	(660 378)	Corporate and Human Resources	257 251	(43 009 502)	(42 752 251)
-	-	-	Council General	-	-	-
-	-	-	Depreciation Reserves	-	-	-
224 314	(324 388)	(100 074)	Douglas Holiday Resort	81 824	(208 698)	(126 874)
26 174 878	(33 628 082)	(7 453 204)	Electricity	28 021 897	(38 628 742)	(10 606 845)
46 869 465	(20 436 001)	26 433 464	Finance	49 284 795	(27 126 183)	22 158 612
-	(306 447)	(306 447)	Fire Bridge	-	(362 594)	(362 594)
-	(5 059 235)	(5 059 235)	Governance - Council	-	(5 069 772)	(5 069 772)
-	(245 182)	(245 182)	Health Services	-	(279 118)	(279 118)
1 650 000	(1 486 634)	163 366	Interns	1 800 000	(1 681 628)	118 372
1 374 107	(1 821 430)	(447 323)	Library	826 078	(1 803 863)	(977 785)
6 720	-	6 720	Licences	-	-	-
125 039	(163 073)	(38 034)	Meent	87 195	(142 610)	(55 415)
-	(1 726 950)	(1 726 950)	Municipal Manager	-	(2 039 638)	(2 039 638)
-	(1 479 129)	(1 479 129)	Parks and Recreation	-	(1 390 854)	(1 390 854)
143 980	(887 888)	(743 908)	Properties	98 519	(3 992 071)	(3 893 552)
7 109 134	(10 785 206)	(3 676 072)	Public Works: Roads	12 026 422	(10 909 119)	1 117 303
-	-	-	Sanitation	-	-	-
10 765 201	(7 029 866)	3 735 335	Sewerage and Sanitation	15 924 611	(6 308 259)	9 616 352
-	-	-	Stormwater Drainage	-	-	-
983 971	(1 022 370)	(38 399)	Traffic	5 671 656	(2 085 402)	3 586 254
20 586 679	(5 541 746)	15 044 933	Water	27 506 042	(5 131 655)	22 374 387
130 978 095	(107 177 937)	23 800 158	Sub Total	145 560 182	(157 378 925)	(11 818 743)
-	1 068 888	1 068 888	Less Inter-Departmental Charges	-	1 359 379	1 359 379
130 978 095	(106 109 049)	24 869 046	Total	145 560 182	(156 019 546)	(10 459 364)

APPENDIX C - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
-	(5 059 235)	(5 059 235)	Executive & Council	-	(5 069 772)	(5 069 772)
48 663 583	(22 810 523)	25 853 060	Budget & Treasury	51 183 314	(32 799 882)	18 383 432
11 576 112	(14 004 414)	(2 428 302)	Corporate Services	344 446	(45 191 750)	(44 847 304)
-	(245 182)	(245 182)	Health	-	(279 118)	(279 118)
1 412 628	(2 370 600)	(957 972)	Community & Social Services	855 898	(2 478 368)	(1 622 470)
990 691	(1 328 817)	(338 126)	Public Safety	5 671 656	(2 447 996)	3 223 660
224 314	(1 803 517)	(1 579 203)	Sport & Recreation	81 824	(1 599 552)	(1 517 728)
3 474 875	(2 570 749)	904 126	Waste Management	3 944 072	(6 534 712)	(2 590 640)
10 765 201	(7 029 866)	3 735 335	Waste Water Management	15 924 611	(6 308 259)	9 616 352
7 109 134	(10 785 206)	(3 676 072)	Road Transport	12 026 422	(10 909 119)	1 117 303
20 586 679	(5 541 746)	15 044 933	Water	27 506 042	(5 131 655)	22 374 387
26 174 878	(33 628 078)	(7 453 200)	Electricity	28 021 897	(38 628 738)	(10 606 841)
						-
130 978 095	(107 177 933)	23 800 162	Sub Total	145 560 182	(157 378 921)	-11 818 739
-	1 068 888	1 068 888	Less Inter-Departmental Charges	-	1 359 379	1 359 379
130 978 095	(106 109 045)	24 869 050	Total	145 560 182	(156 019 542)	(10 459 360)

APPENDIX D - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 July 2014	Correction of error	Restated balance 1 July 2014	Contributions during the year	Transfer	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2015
UNSPENT/UNPIAD CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R	R	R	R	R
Library Project	-	-	-	826 000	-	-	-	826 000	-	-
FMG	-	-	-	1 800 000	-	-	-	1 800 000	-	-
Equitable Share	-	-	-	31 758 000	6 263 000	-	-	38 021 000	-	-
MSIG	-	-	-	934 000	-	-	-	882 807	51 193	-
MIG	13 338 593	-	13 338 593	16 023 000	(6 263 000)	-	-	-	22 861 008	237 585
LG Seta	290 565	-	290 565	10 534	-	-	-	-	-	301 099
EPWP	772 555	-	772 555	1 000 000	-	-	-	1 401 023	-	371 533
Department of Minerals & Energy	1 607 808	-	1 607 808	1 500 000	-	-	-	797 067	2 310 742	-
Griekwastad 457	-	-	-	8 766 386	-	-	-	-	8 766 386	-
Douglas Oxidation Ponds	1 096 440	-	1 096 440	6 193 350	-	-	-	-	7 289 790	-
Total	17 105 961	-	17 105 961	68 811 270	-	-	-	43 727 896	41 279 118	910 217

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue - Standard								
<i>Governance and administration</i>	84 210	(40 940)	43 270	51 528	8 258	-105.7%	61.2%	60 240
Executive and council	2 351	(315)	2 036	-	(2 036)	-	-	-
Budget and treasury office	81 662	(40 644)	41 018	51 183	10 166	124.8%	62.7%	48 664
Corporate services	197	19	217	344	128	159.1%	174.6%	11 576
<i>Community and public safety</i>	1 622	(587)	1 035	6 609	5 574	638.6%	407.5%	2 628
Community and social services	750	206	956	856	(100)	89.6%	114.1%	1 413
Sport and recreation	872	(793)	79	82	3	103.2%	9.4%	224
Public safety	-	-	-	5 672	-	100.0%	100.0%	991
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	9 023	(6 125)	2 898	12 026	9 129	415.0%	133.3%	7 109
Planning and development	-	-	-	-	-	-	-	-
Road transport	9 023	(6 125)	2 898	12 026	9 129	415.0%	133.3%	7 109
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	63 151	7 799	70 950	75 397	4 446	106.3%	119.4%	61 002
Electricity	34 050	2 245	36 295	28 022	(8 273)	77.2%	82.3%	26 175
Water	16 331	351	16 682	27 506	10 824	164.9%	168.4%	20 587
Waste water management	6 545	3 203	9 749	15 925	6 176	163.4%	243.3%	10 765
Waste management	6 224	2 000	8 225	3 944	(4 281)	48.0%	63.4%	3 475
<i>Other</i>	-	-	-	-	-	-	-	-
Total Revenue - Standard	158 006	(39 853)	118 153	145 560	27 407	123.2%	92.1%	130 978
Expenditure - Standard								
<i>Governance and administration</i>	20 371	38 539	58 910	82 882	23 972	140.7%	406.9%	41 732
Executive and council	5 558	2 595	8 153	5 070	(3 084)	62.2%	91.2%	5 059
Budget and treasury office	5 855	26 032	31 887	32 621	734	102.3%	557.1%	22 671
Corporate services	8 958	9 912	18 870	45 192	26 322	239.5%	504.5%	14 001
<i>Community and public safety</i>	7 732	(1 381)	6 351	6 553	202	103.2%	84.7%	5 491
Community and social services	3 610	(440)	3 170	2 455	(715)	77.4%	68.0%	2 350
Sport and recreation	2 901	(843)	2 058	1 395	(663)	67.8%	48.1%	1 588
Public safety	709	(98)	611	2 448	1 837	401.0%	345.5%	1 329
Housing	-	-	-	-	-	-	-	-
Health	513	(0)	513	255	(258)	49.7%	49.6%	224
<i>Economic and environmental services</i>	24 402	(8 616)	15 786	10 889	(4 897)	69.0%	44.6%	10 775
Planning and development	-	-	-	-	-	-	-	-
Road transport	24 402	(8 616)	15 786	10 889	(4 897)	69.0%	44.6%	10 775
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	96 486	(27 391)	69 096	55 695	(13 400)	80.6%	57.7%	48 111
Electricity	41 584	(4 111)	37 472	38 243	771	102.1%	92.0%	33 305
Water	24 279	(14 992)	9 287	4 747	(4 540)	51.1%	19.6%	5 329
Waste water management	17 588	(7 671)	9 918	6 171	(3 747)	62.2%	35.1%	6 906
Waste management	13 036	(617)	12 418	6 535	(5 884)	52.6%	50.1%	2 571
<i>Other</i>	-	-	-	-	-	-	-	-
Total Expenditure - Standard	148 992	1 151	150 143	156 020	5 876	103.9%	104.7%	106 109
Surplus/(Deficit) for the year	9 014	(41 004)	(31 990)	(10 459)	21 531	32.7%	-116.0%	24 869

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description R thousand	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue by Vote								
Municipal Manager	–	–	–	–	–	–	–	–
Council	2 036	50	2 086	–	(2 086)	–	–	–
Corporate and Human Resources	394	136	530	344	(186)	65.0%	87.4%	11 583
Finance	50 157	(9 009)	41 148	51 085	9 937	124.2%	101.9%	48 519
Properties	197	(96)	102	99	(3)	97.0%	49.9%	144
Libraries	630	400	1 030	826	(204)	80.2%	131.1%	1 374
Cemetery	41	–	41	30	(11)	73.6%	73.6%	39
Parks and Recreation	872	(793)	79	82	3	103.2%	9.4%	224
Health Services	–	–	–	–	–	–	–	–
Waste Management	8 809	(584)	8 225	3 944	(4 281)	48.0%	44.8%	3 475
Public Works	9 023	–	9 023	12 026	3 003	133.3%	133.3%	7 109
Electricity	38 171	(377)	37 795	28 022	(9 773)	74.1%	73.4%	26 175
Water	30 633	1 050	31 682	27 506	(4 176)	86.8%	89.8%	20 587
Waste Water Management	15 998	50	16 049	15 925	(124)	99.2%	99.5%	10 765
Traffic	8 397	(6 249)	2 148	5 672	3 524	264.1%	67.5%	984
Total Revenue by Vote	165 358	(15 422)	149 936	145 560	(4 376)	97.1%	88.0%	130 978
Expenditure by Vote to be appropriated								
Municipal Manager	3 207	(577)	2 630	2 040	(590)	77.6%	63.6%	1 727
Council	5 709	(185)	5 524	5 070	(454)	91.8%	88.8%	5 059
Corporate and Human Resources	16 415	(932)	15 483	43 515	28 032	281.0%	265.1%	12 581
Finance	40 869	(8 982)	31 887	28 788	(3 099)	90.3%	70.4%	21 902
Properties	3 103	1 145	4 248	3 833	(415)	90.2%	123.5%	770
Libraries	2 611	(525)	2 086	1 780	(305)	85.4%	68.2%	1 801
Cemetery	720	114	834	675	(159)	80.9%	93.7%	549
Parks and Recreation	2 901	(843)	2 058	1 395	(663)	67.8%	48.1%	1 588
Health Services	513	(0)	513	255	(258)	49.7%	49.6%	224
Waste Management	13 036	(617)	12 418	6 535	(5 884)	52.6%	50.1%	2 571
Public Works	21 173	(8 144)	13 029	10 889	(2 140)	83.6%	51.4%	10 775
Electricity	41 584	(4 111)	37 472	38 243	771	102.1%	92.0%	33 305
Water	24 279	(14 992)	9 287	4 747	(4 540)	51.1%	19.6%	5 329
Waste Water Management	17 588	(7 671)	9 918	6 171	(3 747)	62.2%	35.1%	6 906
Traffic	3 229	(472)	2 757	2 085	(671)	75.6%	64.6%	1 022
Total Expenditure by Vote	196 935	(46 792)	150 143	156 020	5 876	103.9%	79.2%	106 109
Surplus/(Deficit) for the year	(31 578)	31 371	(207)	(10 459)	(10 252)	5051.6%	33.1%	24 869

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description R thousand	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue By Source								
Property rates	10 699	(1 725)	8 974	8 530	(444)	95.1%	79.7%	7 621
Property rates - penalties & collection charges			-	-	-	-	-	-
Service charges - electricity revenue	34 050	752	34 801	21 630	(13 172)	62.2%	63.5%	21 526
Service charges - water revenue	16 331	(852)	15 479	11 356	(4 123)	73.4%	69.5%	10 566
Service charges - sanitation revenue	6 545	47	6 592	5 584	(1 008)	84.7%	85.3%	5 339
Service charges - refuse revenue	6 224	(542)	5 683	4 728	(955)	83.2%	76.0%	4 557
Service charges - other			-	-	-	-	-	-
Rental of facilities and equipment	1 195	(832)	363	266	(97)	73.3%	22.3%	492
Interest earned - external investments	260	360	620	407	(213)	65.6%	156.4%	307
Interest earned - outstanding debtors	629	-	629	682	53	108.4%	108.4%	630
Dividends received			-	-	-	-	-	-
Fines	7 236	(6 499)	737	4 693	3 957	637.0%	64.9%	87
Licences and permits	450		450	986	536	219.1%	219.1%	914
Agency services	711	47	758	-	(758)	-	-	-
Transfers recognised - operational	50 143	(7 800)	42 343	43 728	1 385	103.3%	87.2%	42 691
Other revenue	509	215	724	1 321	597	182.5%	259.6%	11 919
Gains on disposal of PPE			-	369	369	100.0%	100.0%	137
Total Revenue (excluding capital transfers and contributions)	134 983	(16 830)	118 153	104 281	(13 872)	-702.1%	77.3%	106 786
Expenditure By Type								
Employee related costs	49 141	(5 014)	44 127	42 340	(1 787)	96.0%	86.2%	38 715
Remuneration of councillors	3 571	-	3 571	3 626	55	101.5%	101.5%	3 388
Debt impairment	11 159	-	11 159	28 425	17 266	254.7%	254.7%	91
Depreciation & asset impairment	13 894	412	14 307	11 948	(2 359)	83.5%	86.0%	9 015
Finance charges	414	(414)	-	6 855	6 855	#DIV/0!	1657.1%	1 674
Bulk purchases	32 542	(2 392)	30 150	33 401	3 251	110.8%	102.6%	28 721
Other materials	7 759	(1 608)	6 151	2 185	(3 966)	35.5%	28.2%	2 200
Contracted services	3 700	2 100	5 800	-	(5 800)	-	-	-
Transfers and grants	8 084	3 734	11 818	1 923	(9 895)	16.3%	23.8%	2 546
Other expenditure	18 727	4 333	23 061	23 830	770	103.3%	127.2%	19 682
Loss on disposal of PPE	-	-	-	1 487	1 487	#DIV/0!	#DIV/0!	77
Total Expenditure	148 992	1 151	150 143	156 020	5 876	13039.9%	104.7%	106 109
Surplus/(Deficit)	(14 009)	(17 981)	(31 990)	(51 738)	(19 748)	161.7%	369.3%	677
Transfers recognised - capital	23 023	8 760	31 783	41 279	9 496	129.9%	179.3%	41 279
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	9 014	(9 221)	(207)	(10 459)	(10 252)	5051.6%	-116.0%	41 956

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Capital expenditure - Vote					-	-	-	
Multi-year expenditure					-	-	-	
Municipal Manager	-	-	-		-	-	-	
Council	-	-	-		-	-	-	
Corporate and Human Resources	-	-	-		-	-	-	
Finance	-	-	-		-	-	-	
Libraries	-	-	-		-	-	-	-
Cemetery	-	-	-		-	-	-	-
Parks and Recreation	-	-	-		-	-	-	-
Health Services	-	-	-		-	-	-	-
Waste Management	-	-	-		-	-	-	-
Public Works	-	-	-		-	-	-	-
Electricity	-	-	-		-	-	-	-
Water	-	-	-		-	-	-	-
Waste Water Management	-	-	-		-	-	-	-
Traffic	-	-	-		-	-	-	-
Capital multi-year expenditure	-	-	-	-	-	-	-	-
Single-year expenditure								
Municipal Manager	-	-	-		-	-	-	-
Council	50	-	50		(50)	-	-	-
Corporate and Human Resources	130	-	130	4 445	4 315	3419.1%	3419.1%	1 102
Finance	2 864	(2 734)	130	323	193	248.8%	11.3%	322
Libraries	630	(230)	400	-	(400)	-	-	205
Cemetery	-	-	-		-	-	-	-
Parks and Recreation	-	-	-		-	-	-	-
Health Services	-	-	-		-	-	-	-
Waste Management	-	-	-		-	-	-	-
Public Works	9 023	(1 000)	8 023	14 820	6 797	184.7%	164.2%	10 295
Electricity	1 500	-	1 500	10 360	8 860	690.7%	690.7%	1 431
Water	15 000	-	15 000	5 352	(9 648)	35.7%	35.7%	1 267
Waste Water Management	6 300	-	6 300	6 777	477	107.6%	107.6%	7 972
Traffic	-	250	250	23	(227)	9.1%	100.0%	2
Capital single-year expenditure	35 497	(3 714)	31 783	42 100	10 317	132%	119%	22 595
Total Capital Expenditure - Vote	35 497	(3 714)	31 783	42 100	10 317	132%	119%	22 595
Capital Expenditure - Standard					-	-	-	
Governance and administration	3 044	(2 734)	310	4 768	4 458	1538.2%	156.6%	1 441
Executive and council	50	-	50		(50)	-	-	-
Budget and treasury office	2 864	(2 734)	130	323	193	248.8%	11.3%	338
Corporate services	130	-	130	4 445	4 315	3419.1%	3419.1%	1 102
Community and public safety	630	20	650	23	(627)	3.5%	3.6%	190
Community and social services	630	(230)	400		(400)	-	-	187
Sport and recreation	-	-	-		-	-	-	-
Public safety	-	250	250	23	(227)	9.1%	100.0%	2
Housing	-	-	-		-	-	-	-
Health	-	-	-		-	-	-	1
Economic and environmental services	9 023	(1 000)	8 023	14 820	6 797	184.7%	164.2%	10 295
Planning and development	-	-	-		-	-	-	-
Road transport	9 023	(1 000)	8 023	14 820	6 797	184.7%	164.2%	10 295
Environmental protection	-	-	-		-	-	-	-
Trading services	22 800	-	22 800	22 490	(310)	98.6%	98.6%	10 669
Electricity	1 500	-	1 500	10 360	8 860	690.7%	690.7%	1 431
Water	15 000	-	15 000	5 352	(9 648)	35.7%	35.7%	1 267
Waste water management	6 300	-	6 300	6 777	477	107.6%	107.6%	7 972
Waste management	-	-	-		-	-	-	-
Other	-	-	-		-	-	-	-
Total Capital Expenditure - Standard	35 497	(3 714)	31 783	42 100	10 317	132%	119%	22 595
Funded by:					-	-	-	
National Government	34 557	(3 734)	30 823	34 350	3 527	111.4%	99.4%	17 417
Provincial Government	630	(230)	400		(400)	-	-	3 621
District Municipality	-	-	-		-	-	-	-
Other transfers and grants	-	-	-		-	-	-	-
Transfers recognised - capital	35 187	(3 964)	31 223	34 350	3 127	110%	98%	21 038
Public contributions & donations	-	-	-		-	-	-	-
Borrowing	-	-	-	4 290	4 290	100.0%	100.0%	1 007
Internally generated funds	310	250	560	3 460	2 900	617.9%	1116.3%	551
Total Capital Funding	35 497	(3 714)	31 783	42 100	10 317	132%	119%	22 595

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CASH FLOWS

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts					-	-	-	
Ratepayers and other	83 951	-	83 951	28 098	(55 853)	33.5%	33.5%	59 739
Government - operating	48 643	-	48 643	43 728	(4 915)	89.9%	89.9%	42 691
Government - capital	24 523	-	24 523	41 279	16 756	168.3%	168.3%	24 192
Interest	889	-	889	1 089	200	122.5%	122.5%	937
Dividends	-	-	-	-	-	-	-	-
Payments					-	-	-	
Suppliers and employees	(115 437)	-	(115 437)	(75 259)	40 178	65.2%	65.2%	(99 567)
Finance charges	(414)	-	(414)	(6 855)	(6 441)	1657.1%	1657.1%	(1 674)
Transfers and Grants	(18 083)	-	(18 083)	-	18 083	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	24 072	-	24 072	32 080	8 008	133.3%	133.3%	26 318
CASH FLOWS FROM INVESTING ACTIVITIES					-	-	-	
Receipts					16 016	-	-	
Proceeds on disposal of PPE	-	-	-	3 668	3 668	100.0%	100.0%	331
Decrease (Increase) in non-current debtors	31 585	-	31 585	-	(31 585)	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments					-	-	-	
Capital assets	-	-	-	(37 235)	(37 235)	100.0%	100.0%	(21 715)
NET CASH FROM/(USED) INVESTING ACTIVITIES	31 585	-	31 585	(33 567)	(65 152)	-106.3%	-106.3%	(21 384)
CASH FLOWS FROM FINANCING ACTIVITIES					-	-	-	
Receipts					-	-	-	
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	16	16	100.0%	100.0%	(23)
Payments					(102 370)	-	-	
Repayment of borrowing	(654)	-	(654)	(5 823)	(5 169)	890.4%	890.4%	(2 635)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(654)	-	(654)	(5 807)	(5 153)	887.9%	887.9%	(2 658)
NET INCREASE/ (DECREASE) IN CASH HELD	55 003	-	55 003	(7 294)	(62 296)	-13.3%	-13.3%	2 276
Cash/cash equivalents at the year begin:	-	-	-	9 462	9 462	100.0%	100.0%	7 186
Cash/cash equivalents at the year end:	55 003	-	55 003	2 168	(57 987)	3.9%	3.9%	9 462